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The Associated Press

Chinese student protesters held their ground Sunday in front of armed troopers in Beijing.

Students Barricade Beijing To Stave Off Attack by Army

By Daniel Southerland
Washington Post Service

BEIJING — Groups of Chinese were putting up barricades on all the major roads into Beijing Sunday night to halt an anticipated advance into the city by army troops ordered to evict pro-democracy demonstrators from Tiananmen Square, the focal point of the protest.

The development came after more than a million Chinese, defying martial law, took over sizable areas of Beijing on Saturday and Sunday in a widening nonviolent revolt against the Communist government that has included calls for the resignation of senior leaders.

[Soldiers sealed off some roads to Beijing, and about 1,500 troops armed with automatic weapons moved into the train station, The Associated Press reported, quoting Chinese sources. Early Monday, about 200,000 students and supporters occupied the square, while hundreds of thousands more roamed city streets and stood behind road blockades to prevent any troop movement.

[Troops occupied offices of People's Daily, the Xinhua news agency, the central radio station and the central television station, a People's Daily reporter said. Only the English-language China Daily's weekly business edition was delivered Sunday.]

In another development, thousands of students on a hunger strike in Tiananmen Square for seven days ended their action Sunday because, their leaders said, they wanted to preserve their strength for "the struggle ahead."

"We gave up our hunger strike because we realized it was senseless for us to sacrifice our lives for a government as corrupt as this," said a student from the University of Politics and Law.

The barricades — thrown together from buses, trucks, garbage cans, bricks, traffic barriers, concrete sewage pipes, telegraph poles and food stalls — were another indication on Sunday that the government had lost control over much of the city.

There were also several indications of a power struggle within the Communist Party leadership, which could lead to a reversal of decisions to crack down on the students' democracy movement.

Diplomats said the fact that workers continued to demonstrate openly in support of the students, used state-enterprise trucks and easily obtained gasoline showed that the pro-democracy forces had high-level backing. They said they presumed this backing was coming from allies of Zhao Ziyang, the Communist Party chief, who is believed to have opposed the imposition of martial law and deployment of troops into Beijing.

Other signs of a power struggle included Mr. Zhao's recent absence from public view, the prolonged indecision on the part of the leadership in the face of their biggest challenge in years, and conflicting signals being sent by the national and Beijing press as well as by top-level officials.

City government officials continued to take a hard line toward the student protesters. In a speech broadcast to the people of Beijing on Sunday night, Deputy Mayor Zhang Baifa emphasized the problems caused by the students and their supporters.

Mr. Zhang asserted, with ample evidence, that traffic and transportation were paralyzed in the capital. He said that workers were being prevented from going to work on time. As time goes on, he said, and supplies cannot reach the city, power plants will run out of coal and electricity.

A message transmitted to Beijing residents by the martial law enforcement headquarters took a softer line, saying only that the troops imposing martial law "have been somewhat blocked in trying to fulfill their tasks."

The headquarters said the army was "by no means against the patriotic students."

National television showed students talking with Marshal Nie Rongzhen, a veteran army man, who dismissed as "rumors" reports that Prime Minister Li Peng was planning to crack down on the students and that prisons in Beijing had been emptied to make room for student protesters.

Diplomats said this broadcast appeared to have been designed to undercut Mr. Li by conveying the impression that he favored the use of force. It is unusual for the national television network to list rumors one after the other, as this program did, even though it did quote Marshal Nie as saying that the rumors were false.

University students said they believed that two top military men, dissenting from the decision to impose martial law, had resigned. They also said the National People's Congress chairman, Wan Li, and Deng Yingchao, widow of the former prime minister Zhou Enlai and one of the most famous women in China, had come out against martial law.

Such a development would be extraordinary in the case of Deng

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For Communism, Another Acid Test

By Michael Dobbs
Washington Post Service

BEIJING — For the second time in less than a decade, a major Communist regime has called in the army to protect itself against what amounts to a peaceful popular uprising.

In Poland in December 1981, General Wojciech Jaruzelski succeeded in suppressing the Solidarity movement through the use of massive military force, the severing of civilian communications and the arrest of 5,000 leaders of the independent union, which had 10 million members.

By meticulously preparing for martial law and exploiting the element of surprise, the Polish leader was able to achieve his goal with relatively little resistance.

On the surface, China in May 1989 is different. Unlike General Jaruzelski, Prime Minister Li Peng has not had the time to lay the detailed groundwork for a military crackdown.

There are many similarities between China today and Poland in 1980-81. The same political revolution that began in the Lenin Shipyard in Gdansk in August 1980, when defiant workers tore down the facade of the ideologically monolithic workers' state, has brought "people power" onto the usually drab streets of Beijing.

It is a measure of the desperation of Communist regimes that they have looked to the military to help them out of their difficulties. Communist leaders from Lenin onward have traditionally feared and denounced Bonapartism. Their attitude toward the army reflects lessons drawn from the French Revolution, which degenerated into a military coup led by Napoleon Bonaparte.

Since the Polish Solidarity's emergence in 1980, changes have been under way throughout the Communist world. They are the result of both the successes and the failures of Communist regimes.

In China's case, political change has failed to keep pace with near-universal literacy and rising living standards. Disgust with official corruption, inflation and authoritarian rule has created an alliance between students, workers and members of the new middle class.

The process of change has been assisted by the information revolution, which sends news around the world in a matter of seconds and back into Communist countries by way of Western radio stations such as the Voice of America and the British Broadcasting Corp. It is now practically impossible to hide the facts of large-scale political re-

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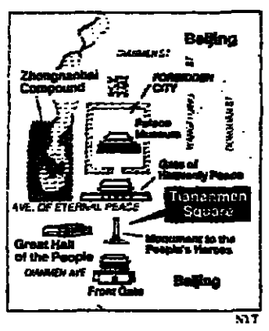

Related Articles

Li Peng rose to the top because of his excellent political connections and his skill as a bureaucratic infighter. Page 4.

If Deng Xiaoping ordered the crackdown, he becomes a paradoxical, possibly even tragic, figure. Page 4.

Nervousness about the upheaval is expected to pressure prices on the Hong Kong Stock Exchange this week. Page 9.

Nothing so confirmed the power of television as a force in world opinion as the dramatic live broadcasts to the United States of Chinese bureaucrats shutting the networks down. Page 4.

Thousands of Muscovites rallied to back the Chinese protesters and to make their own demands for radical change. Page 2.

Bush Warns Allies On 'Complacency'

The Associated Press

BOSTON — President George Bush, facing disarmament pressure from Europe, expressed concern Sunday about "a growing complacency throughout the West" and said the United States and its allies must not drop their guard against the Soviet Union.

He said that in an era of "extraordinary change" in the Soviet Union, "we have an obligation to temper optimism — and I am optimistic — with prudence."

He spoke at Boston University, where he and President François Mitterrand of France delivered commencement speeches.

Pointing to Moscow's threat to retain some nuclear missiles banned by a 1987 treaty if the North Atlantic Treaty Organization upgraded its short-range arsenal, Mr. Bush said, "It is clear that Soviet 'new thinking' has not yet totally overcome the old."

Of the Soviet leader, Mikhail S. Gorbachev, he said, "I salute the man."

But he added, "I hope I will be forgiven for being cautious and being prudent and not for being stampeded." This was an allusion to criticism that he has been slow to follow up on Mr. Gorbachev's initiatives.

Later, in a joint news conference, Mr. Bush and Mr. Mitterrand both expressed optimism that a rift within NATO over short-range European missiles could be bridged before a high-level NATO meeting in Brussels next week.

A spokesman for the West German government, Hans Klein, said Bonn also was confident that a resolution could be reached before the meeting. He said one proposal formed a basis for a solution but no agreement had yet been reached.

Mr. Bush said: "I think we could well have this resolved before the summit."

Mr. Mitterrand said NATO peri-

Britain comes into conflict with the U.S. on missile talks. Page 2.

odically faced internal controversies such as the current one. He said he was hopeful that this latest difficulty would be resolved before the NATO meeting opened.

Calling the Atlantic alliance central to U.S. foreign policy, Mr. Bush said, "We must never forget that to keep the peace in Europe is to keep the peace for America. Though hope is now running high for a more peaceful continent, the history of this century teaches Americans and Europeans to remain prepared."

He said he was grateful for steps taken by Mr. Gorbachev.

"If the Soviets advance solid and constructive plans for peace," he said, "then we should give credit where credit is due.

"We are seeing sweeping changes in the Soviet Union that show promise of enduring, of becoming ingrained," Mr. Bush said.

See BUSH, Page 2

Bush Cautions China's Leaders

Avoid Bloodshed and Advance Democracy, He Urges

Reuters

BOSTON — President George Bush urged the Chinese government Sunday to use restraint in responding to the demonstrations taking place in that country and called on Chinese leaders to make changes aimed at increasing democracy.

Mr. Bush, at a joint news conference with President François Mitterrand of France, said, "I don't want to be gratuitous in giving advice, but I would encourage restraint. I do not want to see bloodshed."

"I would urge the government to be as forthcoming as possible in order to see more democratization and to see a peaceful resolution of this matter," Mr. Bush said.

Mr. Bush and Mr. Mitterrand held talks on Saturday in Kennebunkport, Maine, Mr. Bush's summer house.

On Sunday, Mr. Bush said the Reverend Martin Luther King Jr. had been a model for peaceful protest in the United States.

"So I might suggest a familiarization of that for the people of China," he added.

He said it would not be appropriate for him to suggest a course of action for the students. But he called the uprising an "enormous expression by people toward democracy" and said that the students knew "the U.S. commitment to democracy."

He urged the protesters to be peaceful and to stand up for what they believed in. But he added, "I'm not going to dictate or try to say from the United States how this matter should be resolved by these students."

■ **U.S. Assessment**

Don Oberdorfer of The Washington Post reported from Washington:

The Bush administration's low-key responses to the tumult in China are said to reflect assessments by U.S. officials that the attempt at repression by hard-liners in the Communist Party is not likely to succeed.

"The crackdown probably won't work because there is too much support for students in the military and among all elements of society," an administration official said.

The chances are, the official said, that the martial law approach of

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Kiosk

Egypt Is Back In Arab League

CASABLANCA, Morocco (Reuters) — Egypt resumed its Arab League membership Sunday when Foreign Minister Esmat Abdel Meguid attended a meeting after a 10-year break.

The league secretary-general, Chedli Klebi, welcomed the return of Egypt, which was suspended from the 22-member group for its 1979 peace treaty with Israel. President Hosni Mubarak of Egypt is expected to attend an Arab summit meeting, which starts Tuesday. The meeting was called by Morocco in a bid to provide unanimous Arab backing for newly voiced Palestinian moderation.

MONDAY Q&A

Reuters

Helmut Sonnenfeldt, above, and Volker Rühe discuss the NATO missile crisis outcome. Page 2.

Camera Press

General News

Drought continues to plague Iowa's farmers. Page 3.

Proposals to overhaul Japan's ruling party are deliberately vague, critics say. Page 7.

Business/Finance

EC finance ministers gave up a plan to withold tax on investment income. Page 9.

Alan Bond said he would cut his stake in Bell Resources to around 40 percent. Page 9.

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London and Moscow Expel Groups of Envoys

By Craig R. Whitney
New York Times Service

LONDON — The British government described its relations with Moscow as "the best in the postwar period" after the Soviet leader, Mikhail S. Gorbachev, visited London early last month.

On Friday, the government quietly told Mr. Gorbachev's ambassador that eight Soviet diplomats, three journalists and three other personnel who had previously left Britain were spies and were no longer wanted here.

British officials insisted Sunday that relations could have remained as warm as ever if Moscow had recognized the tact and diplomacy with which the British government had kept the expulsions secret. The government confirmed the expulsions Sunday only after the Soviet Union retaliated by expelling eight British Embassy staff members and three journalists and declaring that three others no longer there would not be welcome back.

British officials also insisted that London's decision to raise the red flag of espionage at this particular time had nothing to do with Prime Minister Margaret Thatcher's largely unsuccessful efforts to persuade her partners in the North Atlantic Treaty Organization not to let down their guard on nuclear missiles, despite all of Mr. Gorbachev's new policies, which she welcomed as much as they did.

The British foreign secretary, Sir Geoffrey Howe, said on BBC radio on Sunday: "We attach great importance to the fact that relations between ourselves and the Soviet Union have been, and indeed are, better than they have ever been before. One area of Soviet activity still continues to cast a cloud over our relations.

"The steps we have taken have been taken with regret, but without any doubt on the basis of incontrovertible evidence."

Sir Geoffrey and Mrs. Thatcher could have raised the subject with Mr. Gorbachev when he was in London from April 5 to 7, officials at No. 10 Downing Street said, but they decided not to, to ensure that the visit would be a political and diplomatic success. It seemed to be, ending with an announcement that Queen Elizabeth II would visit the Soviet Union within two years.

Sir Geoffrey had delivered a more subtle warning in a speech in Munich several months before the visit. He said then that Soviet intelligence activity in Britain had curi-

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Sports Mantarbo Reuters

UPSET IN ROME — Alberto Mancini of Argentina overcame a penalty call and fought off a match point to beat Andre Agassi of the United States in the Italian Open final Sunday. Page 14.

Firms Loosen U.S. Ties In Global Market Quest

By Louis Uchitelle
New York Times Service

NEW YORK — With a new surge of investment abroad, many American companies are shedding the banner of a national identity and proclaiming themselves to be global enterprises whose fortunes are no longer dependent on the U.S. economy.

Globalization is emerging as corporate America's strategy of choice for the 1990s, one heralded in the latest issue of The Harvard Business Review as a main road to industrial prowess.

In the name of globalization, American companies' overseas spending on plants and equipment has revived for the first time in a decade.

Executives increasingly speak as if the United States were no longer home port.

"The United States does not have an automatic call on our resources," said Cyrill Siewert, chief financial officer at Colgate-Palmolive Co., which now sells more toothpaste, soaps and other toiletries outside the United States than inside.

"There is no mindset that puts this country first."

Inevitably, such views are putting American companies at odds with widely advocated national goals.

In a growing number of cases, high-paying jobs, including those for engineers and other professionals, are going abroad.

Spending by U.S. manufacturers on research — an important source of financing for universities and laboratories — is rising far more quickly overseas than at home, according to the National Science Foundation.

And American companies are increasingly supplying foreign markets from their overseas operations, rather than by exporting, a practice that makes this country's trade deficit hard to eliminate.

Perhaps the sharpest test of globalization would come in a recession, when the companies would face public pressure to preserve as many jobs as possible in the United States and to hold down the unemployment rate.

One way to do this would be for them to close overseas operations and pull back production to the United States, exporting from this

See GLOBE, Page 11

Yeltsin Faults the Gorbachevs and Predicts Politburo Purge

By David Remnick
Washington Post Service

MOSCOW — Mikhail S. Gorbachev's leadership suffers from "inconsistency, indecisiveness, half-measures and a susceptibility to pressure from the right wing," Boris N. Yeltsin, the former Politburo member and maverick populist, said in an interview with The Washington Post.

Speaking only days before the May 25 opening of the new Congress of People's Deputies, Mr. Yeltsin also questioned the high-profile role of Mr. Gorbachev's wife, Raisa, called for the dismissal of a conservative Politburo member, Yegor K. Ligachev "as soon as possible" and predicted another major shake-up in the top leadership ranks.

"The renovation of the Politburo is far from finished, and I'm speaking not only about Ligachev," Mr. Yeltsin said in a two-hour interview. "I'd enumerate one, two, three, four, five people at the minimum."

Among the 12 Politburo members that he criticized as "not greatly promoting reform" were the Moscow party chief, Lev N. Zaikov; a former KGB chief, Viktor M. Chebrikov, and the Ukrainian party leader, Vladimir V. Scherbitsky. Mr. Yeltsin said he was "puzzled" about why Mr. Scherbitsky, a protege of Leonid I. Brezhnev, the former Soviet leader, was still in place.

On Saturday, at a political rally of 20,000 people in the Moscow suburb of Zelenograd, Mr. Yeltsin said that the congress should find an alternative to another Politburo member, Prime Minister Nikolai I. Ryzhkov.

Mr. Yeltsin also said at the rally, called to support two prosecutors who have accused Mr. Ligachev and others in the leadership of corruption, that Mr. Gorbachev was "taking one step forward and two steps back" in his policy revisions.

"Four years, and what has he done?" Mr. Yeltsin asked, alluding mainly to the Soviet standard of living.

As the nominal leader of a wave of popular discontent, Mr. Yeltsin has developed his role as a combative, sometimes demagogic voice of the people.

Before his sweeping election victory to the new legislature, he seemed at times to be a political curiosity, a loose cannon. But

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As Missile Dispute Cools, NATO Unity Is Said to Be Intact

The danger of a deadlock on the issue of short-range nuclear missiles at the North Atlantic Treaty Organization's summit meeting next week has receded, thanks to a proposed compromise between Washington and Bonn. Volker Rühe, deputy leader of the Christian Democrats, the main party in West Germany's coalition government, and Helmut Sonnenfeldt, a former U.S. official now at the Brookings Institution in Washington, spoke to Joseph Fitchett of the International Herald Tribune on how the alliance stands, now that the dispute is ending.

Q. Is this the breakthrough? Can all NATO governments accept this compromise?

Volker Rühe. Yes, I think so, and I think NATO is the winner. The terms *should be acceptable for us, although* there may be a fight over the right interpretation. We have shown flexibility with regard to the beginning of the negotiations. I think it makes sense to make [talks on short-range nuclear forces] depend on progress in the conventional arms control talks, which are by far the most important. We'll stick to what we've said before about no decision on modernization before 1992. One can be almost sure that along these lines, the agreement will be there before the summit.

Helmut Sonnenfeldt. The proposals go back essentially to the basic compromise [reached by NATO foreign ministers] in Reykjavik two years ago, tying new nuclear talks to the implementation of verifiable cuts in conventional forces. This has been tied in with the recent postponement of a decision on producing [a replacement for Lance] missiles and there is also a positive statement by the alliance concerning modernization, which I assume is intended to maintain funding in the U.S. Congress for research and development [of a Lance successor].

It should be a satisfactory arrangement for NATO — if this is not haggled over, as far as what constitutes progress on the conventional side, and if this compromise does not just hold through the summit and then the fighting begins all over again about when to start the negotiations. It could really get the issue out of the way so the NATO summit can talk about the whole long-range perspective of East-West relations, including all the arms control aspects. The U.S. administration probably feels it has gotten essentially what it would like to have. How

MONDAY Q&A

Mrs. Thatcher [prime minister of Britain], who has even stronger feelings on the subject of not starting negotiations early, feels, I don't know.

●

Q. How does it affect the outlook for relations with the Soviet Union?

Sonnenfeldt. I assume that Moscow does not *like it altogether and will continue* to try to hit on the issue and manipulate what it can in the way of public opinion, especially in the Federal Republic, which is vulnerable on this issue, and in one or two other places in Europe as well. But I think perhaps it will have the *salutary effect on* [Mikhail S.] Gorbachev, [the soviet leader], of indicating that the North Atlantic alliance, when it puts its mind to it, can resolve issues of this sort no matter what its particular differences with regard to hopes about dealings with the Soviet Union.

Rühe. *Gorbachev can play less on divisions* in the West. What he needs is a strong and united partner, not a NATO looking like a chicken yard. Only a united NATO is able to make the agreements that can be made in the next years. *I* agree very much, this will make room at *the summit to concentrate on more important issues* — how to bring about political change in Eastern Europe, the political role of NATO — so I think it's positive *for NATO and for the substance* of the East-West relationship.

Sonnenfeldt. I want to reinforce that, *I'm just watching [Roland] Dumas,* [foreign minister of France], on television in the United States, and the French seem to be very much on the same wavelength. So whether or not Gorbachev likes a united NATO as a partner in the West, the major powers seem to be like-minded on this.

Q. In West Germany, will this reopen the defense debate inside the governing coalition?

Rühe. I don't think so. We should be able to do two things: look after German interests as we perceive them, but also the unity of NATO. Germany, being a major state in NATO, has to do more than just present its own positions. There's a clear majority for such a compromise, so my party will welcome it. The coalition will find it possible to agree to it within the context of what we said in the past. Our position was a starting point, not an ultimatum.

Sonnenfeldt. Volker obviously will *know whether the coalition* agreement has to be renegotiated for the removal of the word "soon" about negotiations, but what has disturbed me has been the rhetoric in Germany. First of all, pitting the "Anglo-Saxons" against the "continentals" is factually incorrect, I think. And words like "diktat" evoke emotionalism about the past. We don't need that kind of adversarial context which this issue acquired over the last few weeks.

Rühe. Hal, I think that rhetoric came about mainly because of some of the things said by Mrs. Thatcher. But, self-critically, some people here made a mistake by just counting NATO states. We cannot have a sound NATO policy and a sound German position unless we try to come to an agreement *with our major* partners.

Sonnenfeldt. In talking about Mrs. Thatcher, one has to be sensitive to the fact that the British see themselves as potentially everybody's aircraft carrier for nuclear weapons because there's a *widespread feeling* that many Germans want to move toward a complete denuclearization of Germany. And there are U.S. sensitivities: Burden-sharing is something you may not agree on, but it's a reality of American politics.

●

Q. How did the issue become so envenomed?

Rühe. It did not just arise in the last few weeks. The origin was in 1987 [with the agreement to eliminate intermediate-range nuclear forces]. The United States and Britain understood that accord very much *in the "firebreak" sense,* meaning no more negotiations on weapons [with ranges] below 500 kilometers and early modernization [of short-range weapons]. Some of us, *including myself, made it* very clear that this is unacceptable to Germany. You cannot explain that to anybody, that you negotiate away systems of intermediate range and you don't negotiate at all on short-range systems. This unique German position — that we have NATO weapons on our soil that are planned to be used on our soil — is unavoidable to some extent because of our geographical position, but it has been dramatized enormously after the INF Treaty because it left us with 100 percent of the land-based NATO arms in Europe.

Sonnenfeldt. *I think the Bush administration* was quite sensitive to the German concerns regarding [nuclear] modernization and agreed, without too much of a battle, to a delay for several years. Then the administration became extremely irritated when virtually the next day the *Germans came forward* with a demand for early negotiations [to cut the remaining short-range nuclear arms in Europe].

●

Q. Does this episode offer any insights about managing divisive issues in the alliance these days?

Sonnenfeldt. I hope that now, assuming the compromise holds, we're not going to hear too much talk about the Germans having been humiliated or *forced by their nuclear allies to toe the* line. That simply inflames the sense of national discrimination and singularity that does not do the alliance or the Germans any good. The Bush administration *should be sensitive to that problem.* Next year starts an election period of campaigning in Germany. And obviously Mr. Gorbachev will be heard from. We need to avoid talk about victories of the kind that would give Germans the feeling that they were ganged up on and denied something that they wanted. All our countries in the alliance have to understand that there are domestic realities now that have to be given great weight in handling issues of this kind; you have to be careful about everybody's sensitivities.

Rühe. On this issue, I hope we have a solution. But I must say that the open decision whether to modernize, which will be a German decision in 1992, will remain a very critical issue. So this is not the end of debate about the future structure of Western *nuclear deterrence in* Europe. I think it is the end of a chapter in it. By now, everybody has a better understanding of where the limits of concessions are, but we must be more careful.

●

Q. Will this outcome benefit Chancellor Helmut Kohl domestically?

Rühe. It was popular to put forward the German positions with regard to early negotiation, but I also believe that if we had not come to an agreement in NATO and NATO was in disarray, that would not be so popular or successful in Germany. So I think that, at least in the medium term, when the government is seen to have helped bring about a unified position in the alliance, that action will be understood in Germany and also be popular.

●

Q. Now what can be expected from Mr. Gorbachev on his visit to West Germany next month?

Sonnenfeldt. He has enormous scope for unilateral gestures in the military area because he has bloated forces, so I suppose he could even add to the 500 short-range weapons he's already said he was going to pull out. But one has to remember that *he comes to Bonn as a demandeur,* he wants help with *perestroika* and presumably help with Eastern Europe. So there is a kind of dual message. He wants to have as much impact as possible on public opinion through these military and nuclear issues and perhaps even suggest that the NATO alliance is becoming obsolete. But basically he wants help, he wants the West to help strengthen him at home. If we stick together, on this question his visits to West Germany and France should not be particularly rewarding to him.

Rühe. He may make suggestions about short-range systems. And one can be sure that he will speak out strongly against modernization. But I think it's very important that the Bonn government and the chancellor can now speak from a united point of view in NATO and not just a German position.

U.S. Stance on Arms Opens Conflict With Britain

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Bush administration's decision to accept eventual East-West negotiations on short-range nuclear missiles has narrowed its differences with West Germany but apparently has opened a new conflict with Britain, according to officials of all three countries.

A British official, reiterating his government's long-standing position, said "we're still waiting to be convinced" of Bonn's view, now embraced by Washington, that the negotiations can be conducted without undermining NATO's ability to deter a Soviet attack.

The officials, in separate interviews, agreed that the resolute British stance may obstruct efforts to reach a compromise before a summit meeting of Western leaders May 29-30, even if West Germany accepts stringent U.S. conditions that would limit the scope of the negotiations and defer them for years. The officials spoke on the condition they not be identified.

U.S. officials say the conditions were crafted with London's concerns in mind and conveyed to West Germany on Friday after discussions between officials of the State Department and the British Foreign Office. Included are a requirement that the Soviet Union reduce its conventional forces before the talks can begin and a rule that some nuclear missiles with a range below 500 kilometers (about 300 miles) be retained.

"We're aware of what the administration is trying to achieve," the British official said Saturday.

The official hinted, however, at a British effort to reverse the U.S. decision by adding that Britain did not regard the U.S. position as being final.

U.S. and diplomatic sources acknowledged that Prime Minister Margaret Thatcher of Britain has endeavored for weeks to stop President George Bush from heeding West Germany's call for the talks.

Her most recent attempt was a message transmitted to Mr. Bush late last week on a special network for sensitive communications between alliance leaders. An earlier message, also opposing the negotiations, was transmitted last month, when some U.S. officials began serious consideration of a compromise with the West Germans.

In an interview broadcast by the BBC on Friday, as a senior West German official was trying to broker an agreement in Washington, Mrs. Thatcher said that conducting negotiations was tantamount to "going for the jugular" of the North Atlantic Treaty Organization. This message was also conveyed by Michael Quinlan, the undersecretary of state in the British Ministry of Defense, during a private visit to Washington last week.

Several officials, explaining the vehemence of Mrs. Thatcher's beliefs and her apparent willingness to be isolated within the alliance, said she now regards the issue as a test of NATO's determination to resist combined Soviet and West German pressure for the talks.

Behind this view, they say, lies a wider struggle between West Germany and Britain over which will have the greater influence on strategic issues within the alliance, as well as some personal antagonism between the current British and West German leaders.

Mrs. Thatcher has held, for example, that maintaining some land-based missiles is a vital part of NATO's military strategy and expressed concern that once any negotiations begin, they would inevitably lead to elimination of the missiles, despite past West German assurances to the contrary.

Diplomats from both countries add that Mrs. Thatcher is not close to Hans-Dietrich Genscher, the West German foreign minister, and that she retains strong doubts about Mr. Genscher's commitment to avoid such a "zero solution."

Some West German officials complain that Mrs. Thatcher is also motivated by antagonisms dating from World War II, which they claim she dredges up repeatedly when she notes that U.S. nuclear missiles in Europe have "kept the peace for 40 years."

The officials said Bonn resents Mrs. Thatcher's preference for deploying new U.S. missiles instead of negotiating cuts in the current stockpile, noting that none of the Soviet missiles to be eliminated can hit Britain, while all the U.S. weapons would presumably detonate on West German soil.

Soviets Rally To Support Delegates

Washington Post Service

MOSCOW — Tens of thousands of Muscovites gathered Sunday in a stadium parking lot for a rally to support the platform of the Soviet Union's most radical legislators.

When one of the speakers shouted into the microphone, "Hail to the Chinese demonstrators on the streets of Beijing," the crowd roared its approval.

During the four-hour rally, the newly elected delegates to the Congress of People's Deputies supported a number of resolutions, including a demand that the legislature, which begins its first session on Thursday, elect a president and other officers only after debating the progress and failures of Mikhail S. Gorbachev's *perestroika* program for change.

While there were dozens of speakers, and even more proposals and demands, no single statement won as much approval as the call for support for the millions of Chinese who have flooded the streets of *Beijing and other cities.*

The question many in the crowd discussed among themselves was: Could it happen here?

"At the next stage, I think it could," said Nikolai Temnikov, a 25-year-old engineer. "The genie is out of the bottle.

"But here in the Soviet Union, unlike China, the most urgent demands will be about living standards."

Sergei Kluyenkov, 35, an industrial foreman, said, "Food shortages, the way they keep getting worse, that could do it. But you could see mass demonstrations even sooner if our Moscow delegates, *with their platform, get* turned down flat by the *apparatchiks* in the Communist Party. No one will stand for that anymore."

"Ordinarily, I would have said that we in this country don't have a tradition in which millions take to the streets," said Vladimir Mikulivich, a pensioner. "But look around you. People as far as you can see. I never could have predicted even this, so how can anyone predict the future?"

For the moment, the most important essential difference between the Soviet and Chinese situation is Mr. Gorbachev's popularity. Time and again Sunday the speakers lashed out at the *Communist* Party's functionaries and conservatives in the leadership such as Yegor K. Ligachev, and then paid tribute to Mr. Gorbachev.

Leonid Batkin, a deputy to the Congress of People's Deputies and a prominent historian, said in his speech: "At the April plenum of the Central Committee, the reactionaries said they were dissatisfied with pluralism, dissatisfied with openness on television, and yet they insist they support reform.

"Who are these people representing huge republics and regions of our country? Is this Soviet power? No. How could it be? Who elected them? No one."

The scene at the rally demonstrated just how far the country has come in a short period. There were nationalists from every republic waving their flags. There were placards supporting an investigation into top-level corruption.

One banner even challenged the Soviet leader: "Whose side are you on, Mikhail Sergeyevich?" Dozens of police officers stood by, calmly.

—DAVID REMNICK

ASSESS: *Another Crucial Test*

(Continued from page 1)

pression from the outside world, as Stalin succeeded in doing in the 1930s.

"It's amazing how many people listen to foreign radio stations now," said Vladimir Voinovich, a Soviet writer exiled to the West in 1981, during a recent visit to Moscow. "It's not just a matter of where they get their information from. It's a psychological state of mind. Once you look for your information from somewhere else, it means you no longer accept the right of the state-run media to control your mind."

Chinese students demonstrating in Shanghai last week said they got much of their information from Western radio stations. But they also acknowledged listening to Radio *Moscow to follow the cause of perestroika* and *glasnost,* the Soviet catch words for restructuring and openness in the Soviet Union.

Faced with the technological revolution, Communist leaders have been forced to make a fundamental choice. Either they suppress the popular unrest or they seek to channel it in manageable directions. In Poland in December 1981, General Jaruzelski chose the first option. The Soviet leader, Mikhail S. Gorbachev, has *embraced* the second.

There is a useful parallel to be drawn between the street demonstrations in China and the popular rebuff delivered to the Soviet Communist Party establishment last March during *the first contested* elections in seven decades. Both were expressions of massive popular discontent. The difference is *that Mr. Gorbachev has created* new, more flexible institutions to allow Soviet citizens to vent their frustrations.

The Polish experience suggests that, while it is clearly possible to suppress a popular uprising *temporarily, this only postpones the inevitable.* Although General Jaruzelski succeeded in crushing Solidarity in December 1981, he was unable to resolve Poland's underlying economic and political problems. Last month he was obliged to legalize Solidarity again to rescue Poland from its deepening economic crisis.

Other Communist leaders are confronting similar dilemmas. *Hungary, the most liberal country* in the Eastern bloc, has legalized a multiparty system. Vietnam has embarked on a cautious program of political and economic liberalization. Even Mongolia, sandwiched between the Soviet Union and China, has launched its own version of perestroika, denouncing the heritage of its former Stalinist dictator, Khorloin Choibalsan.

Resistance to Gorbachev-style change has come from East Germany, Czechoslovakia, Cuba and North Korea. In Romania, one of the world's most repressive countries, Nicolai Ceausescu stubbornly insists that there is no need for change because his poverty-stricken country already is well on the road to becoming a Socialist paradise.

Madrid Has Power Outage

The Associated Press

MADRID — An explosion caused by a short circuit in an electrical transformer left most of Madrid without power for two hours Saturday.

Cowboy Image For Gorbachev Irks Mitterrand

International Herald Tribune

WASHINGTON — President François Mitterrand of France disagreed Sunday with a U.S. official's characterization of the Soviet leader, Mikhail S. Gorbachev, as a "drugstore cowboy."

A solemn Mr. Mitterrand said, "One must be wary of *caricatures. I think he is worth* much more than that."

President George Bush laughed repeatedly while Mr. Mitterrand's interpreter struggled with a translation into French of the controversial description given last week by the chief White House spokesman, Marlin Fitzwater.

After Mr. Mitterrand's response, *Mr. Bush* joked, "So much for Marlin."

BUSH: *Allies Cautioned*

(Continued from page 1)

Then he offered his precaution about tempering optimism with prudence.

Mr. Bush said that "I believe in a step-by-step approach to East-West relations because recurring signs show that while change in the Soviet Union is dramatic, it is not yet complete."

The Soviet threat to keep some banned missiles was made in a warning last week by the Soviet foreign minister, Eduard A. Shevardnadze, that Moscow might abrogate the Intermediate-Range Nuclear Forces Treaty if NATO updated its arsenal of short-range nuclear missiles.

Referring to this warning, Mr. Bush said: "The Soviets must surely know the results of failure to comply with this solemn agreement.

"Perhaps their purpose was to divide the West on other issues," Mr. Bush said, alluding to the short-range missile dispute.

WORLD BRIEFS

Turkey Weighs Asylum for MiG Pilot As Soviet Union Calls for Extradition

ANKARA (AP) — Turkish and Soviet officials on Sunday discussed the asylum request of an air force pilot who fled the Soviet Union under fire in a MiG-29 fighter jet.

A Foreign Ministry spokesman said that Captain Alexander Zuyev's request for refuge in the United States was "being evaluated." The Soviet Union asked Turkey to extradite him, saying that he had stolen the jet Saturday and shot and wounded a sentry guarding it, the Soviet news agency Tass said.

Captain Zuyev, 28, landed the plane at an airfield in Trabzon on the Black Sea; he had been wounded in the right shoulder as he was taking off from an air base near Batumi, a seaport in Soviet Georgia.

Escorted by Turkish Air Force jets to Soviet air space late Sunday afternoon, the MiG-29 was flown back to the Soviet Union. There were several bullet holes in the side of the plane, but Soviet technicians who arrived early in Trabzon on Sunday determined that it was airworthy.

Angola to Negotiate Peace, U.S. Says

WASHINGTON (WP) — Angola has agreed for the first time to a negotiated settlement of its 14-year conflict with U.S.-backed rebels led by Jonas Savimbi, according to a senior administration official.

The official said the shift came at a meeting in Luanda last week of leaders from Angola and seven other African nations, and although he said it was not clear whether Luanda contemplated direct or indirect negotiations with Mr. Savimbi's National Union for the Total Independence of Angola, he called government willingness to discuss reconciliation with other continental countries "a big breakthrough."

He said the United States would "not suspend or stop" its military support for the group until "national reconciliation" had taken place.

Soviet Train Collision Sets Off Blast

MOSCOW (AP) — Two freight trains, one loaded with propane, collided in the capital of Kazakhstan, sparking a fire and an explosion that destroyed factories and 13 houses and killed an unspecified number of people, Tass said Sunday.

The official news agency said the trains collided Saturday night while being switched from one track to another on approach lines to a station in Alma-Ata, about 2,900 kilometers (1,800 miles) southeast of Moscow.

Tass did not report how many people *died in the accident. But it said,* "Measures are being taken to help the people and eliminate the collision's consequences." A government commission has been set up to investigate the cause of the accident, Tass said.

Bolivia Fears Spread of Yellow Fever

LA PAZ (NYT) — An epidemic of yellow fever has *broken out in the* central lowlands of Bolivia, and there is concern that the disease may spread to the nearby cities of Montero and Santa Cruz as well as to Brazil.

More than 120 people are believed to have died in the outbreak in the heart of Bolivia's cocaine-producing area, according to the country's director of epidemiology.

Yellow fever, a viral infection transmitted by mosquitoes, has a mortality rate of about 80 percent.

Burmese Battle Rebels in Thailand

MAE SOT, Thailand (AFP) — Thai border policemen found on Sunday about 70 bodies of Burmese soldiers who had been killed in fighting with ethnic Karen insurgents in a jungle area inside Thailand, military officers said.

Burmese troops and Karens were locked in heavy fighting Saturday deep inside Thai territory, they said. No dead guerrillas were found, but it was believed that the bodies were removed to Burma.

Burmese troops have captured five Karen strongholds since January.

For the Record

The resignation of Taiwan's prime minister, Yu Kuo-hua, 75, has been accepted by President Lee Teng-hui, Mr. Lee's office said Sunday. *(AFP)*

TRAVEL UPDATE

Bonn Will Increase Airport Security

BONN (Reuters) — West Germany will increase airport security to prevent terrorist attacks after last week's conviction of a Lebanese hijacker. Convicted of murder and air piracy, Mohammed Ali Hammadi was sentenced to life in prison by a Frankfurt court for his part in the hijacking of a Trans World Airlines jetliner in June 1985.

"There will have to be stricter checks on passengers and luggage," Interior Minister Wolfgang Schäuble was quoted as saying Saturday by the newspaper Bild am Sonntag. "The risk is significantly greater."

Security sources have linked last week's kidnapping of two West Germans in Lebanon to the sentencing of Mr. Hammadi, but Mr. Schäuble said that West Germany would not pardon or deport him.

The 4,600-year-old Great Pyramid of Cheops, closed since last July so Egyptian officials could clear it of rats and insects and of salt crystals that were eroding its limestone and granite walls, was reopened to the public on Saturday. *(Reuters)*

More than 400 passengers stranded in Helsinki after the crew of their ship walked out in a pay dispute and put an early end to their Baltic Sea cruise were flown back to Britain on Sunday. *(Reuters)*

A wave of cholera is sweeping the Angolan capital of Luanda, foreign doctors working there said Sunday. Fatality figures were unavailable, but the doctors said that 100 to 150 suspected cases were surfacing daily. Luanda was hit by a similar epidemic last year at this time, when the weather is at its hottest and most humid. The situation this time has been exacerbated by the destruction of power lines, which authorities said were blown up last week by rebels of the National Union for the Total Independence of Angola. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Brazil, Canada, Sri Lanka.

TUESDAY: Argentina, Jamaica, Morocco.

WEDNESDAY: Belize, Bermuda, Bulgaria, Ecuador.

THURSDAY: Andorra, Argentina, Austria, Bolivia, Chad, Chile, Dominican Republic, Equatorial Guinea, Grenada, Haiti, Jordan, Liechtenstein, Mali, Mauritania, Paraguay, Poland, Portugal, San Marino, Seychelles, Spain, Vatican City, Venezuela, Zambia, Zimbabwe.

SATURDAY: Nigeria.

SUNDAY: Central African Republic.

Source: Morgan Guaranty Trust Co., Reuters

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	21	70	15	59	fr
Amsterdam	16	61	10	50	cl
Athens	26	79	15	59	fr
Barcelona	26	79	16	61	sh
Belgrade	21	70	12	54	fr
Berlin	19	66	11	52	cl
Brussels	17	63	12	54	cl
Budapest	22	72	14	57	sh
Copenhagen	16	61	14	57	sh
Costa Del Sol	25	77	18	64	fr
Dublin	16	61	7	45	sh
Edinburgh	16	61	12	54	sh
Florence	25	77	14	57	fr
Frankfurt	17	63	11	52	cl
Geneva	25	77	15	59	fr
Helsinki	15	59	9	48	cl
Las Palmas	24	75	19	66	fr
Lisbon	22	72	13	55	fr
London	17	63	13	55	sh
Luxembourg	17	63	12	54	cl
Madrid	28	82	14	57	fr
Milan	24	75	14	57	fr
Moscow	19	66	10	50	sh
Munich	19	66	8	46	cl
Nice	22	72	16	61	fr
Oslo	19	66	7	45	cl
Paris	22	72	13	55	fr
Prague	21	70	10	50	sh
Reykjavik	8	46	5	41	sh
Rome	24	75	13	55	fr
Stockholm	17	63	12	54	cl
Strasbourg	21	70	5	41	cl
Venice	23	73	12	54	fr
Vienna	21	70	12	54	sh
Warsaw	19	66	13	55	sh
Zurich	24	75	12	54	fr

MIDDLE EAST

Ankara	28	82	13	55	fr
Cairo	35	95	20	68	fr
Istanbul	28	82	13	55	sh
Jerusalem	33	91	20	68	fr
Tel Aviv	32	90	20	68	fr

OCEANIA

Auckland	—	—	—	—	no
Sydney	21	70	13	55	cl

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	32	90	26	79	fr
Beijing	31	88	13	55	fr
Hong Kong	31	88	24	75	fr
Manila	34	93	24	75	fr
New Delhi	42	108	28	82	fr
Seoul	31	88	18	64	fr
Shanghai	21	70	12	54	sh
Singapore	31	88	24	75	sh
Taipei	32	90	22	72	fr
Tokyo	22	72	13	55	fr

AFRICA

Algiers	23	73	15	59	fr
Cape Town	17	63	10	50	sh
Casablanca	23	73	12	54	fr
Harare	24	75	12	54	fr
Lagos	31	88	24	75	sh
Nairobi	25	77	13	55	fr
Tunis	22	72	13	55	fr

LATIN AMERICA

Buenos Aires	20	70	15	59	cl
Lima	22	72	14	57	cl
Mexico City	21	70	9	48	cl
Rio de Janeiro	28	82	20	68	sh

NORTH AMERICA

Anchorage	12	54	5	41	cl
Atlanta	25	77	15	59	fr
Boston	21	70	11	52	cl
Chicago	27	81	15	59	fr
Denver	27	81	11	52	fr
Detroit	27	81	17	63	fr
Honolulu	29	84	22	72	fr
Houston	29	84	22	72	fr
Los Angeles	24	75	16	61	fr
Miami	31	88	22	72	fr
Minneapolis	21	70	10	50	cl
Montreal	26	79	15	59	fr
Nassau	29	84	22	72	fr
New York	26	79	17	63	fr
Phoenix	42	108	28	82	fr
San Francisco	19	66	12	54	fr
Seattle	16	61	7	45	cl
Toronto	24	75	10	50	fr
Washington	30	86	14	57	fr

cl-cloudy; fe-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sl-stormy.

MONDAY'S FORECAST—CHANNEL: Rough. FRANKFURT: Fair. Temp. 25 — 14 (77 — 57). MADRID: Thunderstorms. Temp. 29 — 14 (84 — 57). PARIS: Thunderstorms. Temp. 24 — 13 (75 — 55). ROME: Not Available. ZURICH: Not Available. HONG KONG: Not Available. TOKYO: Not Available.

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Denmark	D.Kr.	2,700	1,500	830
Finland	F.M.	1,760	970	540
France	F.F.	1,500	830	455
Germany (mail) *Incl.del.	D.M.	580	320	176
	D.M.	739	379	199
Great Britain	£	140	77	42
Greece (mail) Incl.del. in Athens, Thessaloniki	Dr.	29,000	16,000	8,800
	Dr.	33,000	18,000	9,900
Ireland	£.Ir.	155	85	47
Italy	Lire	420,000	231,000	127,000
Luxembourg	L.Fr.	11,000	6,000	3,300
Netherlands	Fl.	600	340	185
Norway (air) **Incl.del.	N.Kr.	2,000	1,100	600
	N.Kr.	2,500	1,400	700
Portugal	Esc.	29,000	16,000	8,800
Spain (mail) ***Incl.del. in Barcelona, Bilbao, Seville, ***Incl.del. in Madrid	Ptas.	32,000	17,600	9,700
	Ptas.	32,000	17,600	9,700
	Ptas.	46,800	23,400	11,700
Sweden (air) **Incl.del.	S.Kr.	2,000	1,100	600
	S.Kr.	2,500	1,400	700
Switzerland	S.Fr.	455	255	141
Rest Europe, N. Afr.,	$	470	260	145
Rest of Africa, Gulf States, Asia	$	620	340	190
Cent./Latin Amer.	$	540	295	160

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"Elle compte autant qu'un silence entre deux moments d'un concerto, ou qu'un point dans un poème."
A. BEAUVILLIERS

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...IEFS

Asylum for MiG Pi...
Calls for Extraditi...

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...UPDATE

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FRANKFURT: ... MADRID: ... PARIS: ... TEL AVIV: Not Available ... HONG KONG: ... SINGAPORE: Not Available ...

Senators Shun Free Speeches

Most Lawmakers Took Honoraria

By Jeff Gerth
New York Times Service

WASHINGTON — Most senators earned speaking fees last year from industries and trade associations with interest in legislation, according to financial disclosure reports.

The reports come when Congress is grappling with several sensitive personal financial issues, including whether to raise salaries, whether to limit or eliminate honoraria and whether to limit outside earned income. Members of the House of Representatives are to disclose their finances Monday.

The reports show that the Senate is disproportionately wealthy: At least 15 of the 95 senators who filed their reports this week are millionaires.

A few senators reported little in assets, except for their homes. Christopher Dodd, Democrat of Connecticut, for example, lists assets of $3,003 to $15,000, a range of one of the filing categories. Paul S. Sarbanes, Democrat of Maryland, listed only a savings account valued at $5,001 to $15,000.

Several senators reported salaries from outside positions. Alfonse M. D'Amato, Republican of New York, received a $15,000 salary last year from the C.W. Post Center at Long Island University.

Daniel K. Inouye, Democrat of Hawaii, was paid more than $9,000 in director's fees from a Honolulu bank and another corporation in Hawaii.

William L. Armstrong, Republican of Colorado, is president of Ambassador Media Corp., in which he owns stock valued at more than $250,000.

It is not possible to determine any senator's exact net worth in the financial disclosure reports, which are required under the Ethics in Government Act of 1978.

Senators are paid an annual salary of $89,500 — the majority and minority leaders are paid $99,500 — and most of them supplement that income with fees for speeches or appearances.

Under Senate rules, no senator can earn more than $2,000 for a speech, and the total amount of honoraria cannot exceed 40 percent of a senator's salary, which amounts to $35,800 for all senators except the majority and minority leaders.

A study by Common Cause, a self-described citizens lobbying group, found that 57 senators each retained more than $25,000 from speaking fees last year.

From Bad to Worse in Iowa

Drought of '89 Falls on Heels of 1988 Water Shortages

By Bill Peterson
Washington Post Service

MOUNT AYR, Iowa — The drought of '88 has become the drought of '89 here. Ponds, creeks, wells and reservoirs are dry. The city has banned lawn sprinkling and car washing. Every household has been put on strict water rationing.

Officials estimate that one-third to half of the farmers haul water daily for families and livestock.

"The water situation is real severe and damn unhandy besides," said Paul Davis, who farms outside this southern Iowa community of 1,900. "They say things are so bad that, if you want to go fishing, all you have to do is take a bucket of water down to the lake and the fish will jump in the bucket."

Mount Ayr had less rain in 1988 than in any of the last 97 years. Much of the nation has recovered from the drought, but severe problems persist in large pockets of the Midwest and Great Plains.

Cold and dry weather damaged the winter wheat crop in Kansas, Oklahoma and the Texas Panhandle. Almost two years of sparse rains have depleted groundwater supplies in parts of Iowa, the Dakotas, Minnesota, Missouri, Illinois, Nebraska and Wyoming, according to Norton Strommen, chief meteorologist for the Agriculture Department.

Despite an unusually dry winter, Mr. Strommen does not foresee a recurrence of 1988 crop losses. "The weather patterns are very different from last year," he said. "We've had some super rains the last few weeks. We have the moisture to start the crop, and the crop should respond to timely moisture."

Mr. Strommen said water shortages might continue into 1990 in areas such as southern Iowa, however. Even with normal rains, he said, there is no prospect that groundwater supplies will be recharged this summer because the demand usually outdistances the supply.

> **'The water situation is real severe and damn unhandy besides.'**
>
> **Paul Davis, Iowa farmer**

"The problem is we haven't added anything to the groundwater supply in 24 months," he said. "You've had a dry winter, a dry spring, a dry summer and a dry fall, followed by another dry winter and a dry spring. It may not be until next spring before things get straightened out."

The situation is so severe that Iowa National Guard troops haul water daily into nine towns in south-central Iowa. Scores of wells in communities like Grand River have dried up and officials in Lamoni, a community near the Missouri border, slapped tough water conservation restrictions on residents after one of the city's two reservoirs went dry.

Mount Ayr, seat of Ringgold County, usually receives 34 inches of rain a year. Last year, 17 inches fell, the smallest rainfall since the city began keeping records in 1885. Precipitation is at half of normal this year.

Many farmers are more discouraged about the drought of '89 than the drought of '88, said Jack Van Laar, the Ringgold County agriculture extension agent. "There was still moisture in the soil last spring, and it was election year. There was a pretty good feeling that the politicians would do something to help out."

An Iowa climatologist, Harry Hillaker, said groundwater levels will continue to fall unless almost twice as much rain as normal falls in coming months.

The Iowa Economic Forecasting Council predicted that farm income will drop 10 percent this year even with normal weather and production. The drop would be due to higher production costs, lower government payments and lower seasonal average crop prices. Between 1982 and 1987 one in every 10 farmers in Ringgold County went out of business.

"A lot of people were starting to get back on track," Mr. Van Laar said. "The drought changed that."

James Smith was auctioneer at dozens of farm sales during the early 1980s. "For awhile in '84, it seemed we did a sale every other day," he recalled. "It's disheartening to sell out a husband and wife with two or three children. Their whole life ambitions, their dreams are all there on that farm." Recently, Mr. Smith has auctioned off two feed stores.

The population has fallen in dozens of towns. Membership in Beaconsfield United Methodist Church, which the Smiths attend, has dropped from 62 families to 30.

"I'm 48, and I'm one of the youngest fellows around," he said.

Studies Link Age to AIDS Development

New York Times Service

NEW YORK — The older people are when they become infected with the AIDS virus, the more quickly they become ill, researchers are finding.

Analyses by several groups of researchers indicate that people who were over 40 when they became infected are four to eight times more likely to develop AIDS within seven years than those who were under 20.

"The bottom line is that people who are older progress to AIDS at a significantly greater rate than teen-agers or young adults," said Dr. Elaine Eyster, a professor of medicine at the Milton S. Hershey Medical Center in Hershey, Pennsylvania. It is not known why the infection progresses more rapidly in older people.

Some investigators say that older people should be treated more aggressively to slow the progress of the virus and prevent infections that occur when the immune system is weakened. They also say that children should remain untreated longer to avoid the side effects of treatments and reduce the chances that the virus will become resistant to the drugs used to treat AIDS.

The finding may help determine when an infected person will develop AIDS. The time between infection and disease varies from less than a year to more than 10 years.

The finding that links age to the rate of development of AIDS is seeping through the research community, although many of the results have not been published. Several groups will present their data next month at an international conference on AIDS in Montreal.

González Arrives in Morocco

Reuters

RABAT, Morocco — Prime Minister Felipe González of Spain has arrived in Fez for a 48-hour private visit at the invitation of King Hassan II, the official news agency MAP said Saturday. Diplomats said Mr. González would confer with the king on Middle East developments in light of the emergency Arab League meetings opening in Casablanca on Tuesday.

AMERICAN TOPICS

Kansas Pupil Wins First Geography Bee

The first annual National Geography Bee has been won by Jack Staddon of Great Bend, Kansas. He was able to "name two island countries in the Indian Ocean" — the Maldives and Madagascar — and thus won a $25,000 college scholarship. The bespectacled 15-year-old, who is 6 feet 6 inches tall (nearly 2 meters), bested more than a million participating children in 15,000 schools in 55 states and territories.

"All I wanted to do was go out there and have a little fun," he said afterward. "I'm not going to say I wasn't nervous."

The bee was held Friday in the Washington headquarters of its sponsor, the National Geographic Society. The society's president, Gilbert M. Grosvenor, committed $1 million of the society's money to it after a society-commissioned Gallup poll last July showed that American 18- to 24-year-olds are geographically ignorant. One-seventh couldn't identify their own country on a world map. One-fourth couldn't point out the Pacific Ocean.

Short Takes

Southern Methodist University, whose 1987 football season was canceled by the National Collegiate Athletic Association after an investigation showed players were paid while SMU was on probation for other violations, will field a team next fall that is educated to say no to illegal offers. All athletes on SMU's intercollegiate teams must take a course in sports ethics that focuses on NCAA rules and regulations.

Penologists reject the notion that criminals serving life sentences with no hope of parole have nothing to lose and therefore are more likely to murder guards or fellow inmates. The New York state corrections commissioner, Thomas Coughlin, said that instead, lifers try to win guards' trust, hoping for a lapse in supervision and a chance to escape. Meanwhile, they want to make their lives as comfortable as possible, another reason to toe the line. A recent survey showed 179 incidents of violence per thousand inmates of the state's maximum security prisons last year, but only 110 per thousand among lifers.

Shorter Takes: Most Americans now think of themselves as environmentalists, according to a Gallup Poll: 72 percent said they worry a great deal about water pollution; 69 percent, soil pollution; and 63 percent, air pollution. • About 35,000 Americans are 100 years old or older. Centenarians are the fastest-growing segment of the population, having tripled in number since the 1980 census, according to the U.S. Census Bureau. It estimates that there will be 100,000 by the late 1990s.

Jason Grow/The Associated Press

WINDOW SHOPPING — An unidentified man with an armful of clothing leaping through a shop window in Berkeley, California, after an anniversary celebration of the People's Park clashes of 1968 turned into what police called "total chaos." Police arrested eight and reported heavy damage.

Notes About People

Lieutenant General George L. **Monahan** of the air force, who took over the Strategic Defense Initiative in March, already has a reputation for being easygoing. Discussing the new "brilliant pebbles" plan to put scores of tiny rockets permanently in space to track and destroy enemy missiles, he said that if it fails, SDI will doubtless move on to "genius gravel." General Monahan, 58, said he is not pinning hopes of winning a fourth star on his performance at SDI: "To me, it doesn't make that much difference."

Although California officials say San Jose has overtaken San Francisco as the state's third-largest city, after Los Angeles and San Diego, Herb Caen, the San Francisco Chronicle columnist, is unimpressed. "Even when it hits a million" in population, he said, "San Jose will still be the next 16 exits on the freeway."

Arthur Higbee

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THE STRUGGLE FOR BEIJING: The Chinese people challenge the veteran of the Long March and the bureaucrat from the new generation.

Li: Skilled Infighter With Wide Backing

By Richard Bernstein
New York Times Service

NEW YORK — When Li Peng became prime minister in 1987, emerging as a leading member of the younger generation ready to take power from the older revolutionaries, there was an obvious question: Why select this rather colorless bureaucrat and former minister of electrical power, who seemed to lack extraordinary experience or credentials?

A similar question could be asked today: How did the cautious Mr. Li, 60, manage to accumulate the power needed to prevail within a group of leaders deeply divided over the greatest challenge to the Communist Party's legitimacy in its 40 years of power?

The explanation for his success, offered by China specialists, is that he has always had several qualities highly prized inside the closed circle of top party leaders.

He has excellent political connections and he is a skilled bureaucratic infighter. More important perhaps, he has managed to appeal to several constituencies, including the old guard and the factions headed by the country's senior leader, Deng Xiaoping, which have favored change.

Indeed, a common view is that Mr. Li's connections have been more important to him than his personal skills or his ideas. He has long been seen as a protege of Zhou Enlai, the deeply respected prime minister who died in 1976.

There are, in fact, persistent rumors that Mr. Li was an adopted son of Mr. Zhou and his wife, Deng Yingchao, who still holds considerable influence within the party.

Mr. Li has publicly spoken in favor of the principles of change in post-Mao China, but, at the same time — and in contrast to the man who, it seems, has now lost power as party chairman, Zhao Ziyang — he is a conservative whose instinct is to go slowly while always preserving and protecting the supreme power of the party.

"Because of his ties to the older generation, his technical expertise and his ability to evoke the general fondness for Zhou, he was a reasonable choice to be prime minister," said Kenneth Lieberthal, an expert on China who teaches political science at the University of Michigan. "And, he had some political skills that helped him, too."

"I think he's someone who believes in the need to reform the system," Mr. Lieberthal said. "He doesn't have a Stalinist-type economy as an ideal. But his instinct is to move slowly and to maintain control."

Mr. Li enunciated his cautious approach in a statement last month at a rare news conference in Beijing, when, responding to demands by students and intellectuals for a faster pace of liberalization and greater freedoms, he said, in essence, that too much change too soon would be harmful.

"Democracy is a good thing, but it must arise from conditions within a country," Mr. Li said, specifically rejecting rapidly adopted Soviet-style changes for China. "If the democratic process is carried out in haste, or excessively, then it will certainly affect our stability and unity."

Over the past few months, Mr. Li has come more and more to represent a conservative faction in the party leadership that has been increasingly at odds with Mr. Zhao's group.

On Saturday in Beijing, as Mr. Li all but declared martial law, Mr. Zhao was absent from the podium. The scene seemed to confirm that Mr. Li, at least for now, has prevailed in the long-simmering dispute between the two leaders and the two points of view they represent.

Li Peng

Censorship, Live From China

New York Times Service

NEW YORK — Nothing so confirmed the power of television as a force in world opinion as the dramatic live broadcasts to the United States of Chinese bureaucrats shutting the networks down.

The Chinese officials who burst into the Beijing control room of Cable News Network on Friday night did not wield guns or wire cutters. That would have looked terrible on television.

They bore only the word from the authorities that, with Mikhail S. Gorbachev gone, the networks' work was done.

"Halt your transmission," a bureaucrat said in English as the television cameras carried his every word live. "Now your task is over."

But the stern words were undercut by the official's hand wringing and his nervous glances at the camera.

There was no hiding the actual reason for the confrontation or a similar one at the CBS News control room: the Chinese government's desire not to have the world watch the protest by Chinese students that has won support around the world.

In China and the Philippines, and at times in South Africa and on the West Bank, revolutions are now being televised, and in the process are being transformed.

Governments accustomed to controlling just about everything are losing their absolute power over that most vital of political commodities: information.

But the Chinese government's decision to cut the networks off also showed the limits of media politics, and particularly the limits of the power of Western television to influence events in countries where American influence is weak.

Andrew Nagorski, senior associate at the Carnegie Endowment for International Peace and a former reporter for Newsweek in Poland, said that dictatorships faced with crises did not care much about American television networks.

"Whenever governments feel their survival is at stake," he said, "the question of their image abroad takes a distant second place to the issue of survival."

Deng Xiaoping

Reuters

Deng: Shrewd Pragmatist Overtaken by Change

By Fox Butterfield
New York Times Service

NEW YORK — If, as is widely presumed, Deng Xiaoping made the key decision to call in the army to crack down on the demonstrators in Beijing — protesters who have demanded his retirement — he becomes a paradoxical, possibly even tragic figure.

For it was Mr. Deng, a shrewd pragmatist, who engineered China's bold economic revisions and its opening to the outside world after the disaster of the Cultural Revolution, changes that have cleared the way for the protests.

But Mr. Deng, a veteran of the Communists' epic Long March of the mid-1930s, is also a staunch Leninist who believes in the primacy of Communist Party control and who has found himself unable to go farther and accept the students' demands for greater democracy.

"Deng is getting a bum rap," said Merle Goldman, a professor of history at Boston University, referring to the students' demands that Mr. Deng retire.

"He brought about what is happening today, but now he can't deal with it," said Mr. Goldman, a specialist on the Communists' treatment of intellectuals.

Because of the success of the changes Mr. Deng introduced starting in 1979, including a return to private farming, a lessening of the role of ideology and allowing Chinese students to study abroad, he has often been presumed to be a liberal by people outside China.

But Mr. Deng, 84, is a far more complex and contradictory character who has never made a secret of his insistence on the need for what he refers to as order.

In a talk to a high-level Communist Party meeting on April 25, he warned that the government would "no longer tolerate" the burgeoning student movement.

The protesters were "destroying China's hopes," Mr. Deng said.

"I had hoped that we wouldn't have to spill blood," he said. "But if we have to do so, then we will."

The son of a landlord in Sichuan Province in the southwest, Mr. Deng, like a number of the original party leaders, joined the party while in France in the early 1920s on a work-study program.

He made the Long March with Mao Zedong in 1935-36 as deputy political commissar of the First Army Corps, and in 1938 impressed a visiting U.S. marine observer, Major Evans Carlson, as "short, chunky and physically tough, with a mind as keen as mustard."

In 1967, during the Cultural Revolution, Mr. Deng was publicly humiliated and forced to confess that he was a "counterrevolutionary" by Red Guards inside the Zhongnanhai compound, where China's leaders live and work.

When he was later "rehabilitated" and ascended to power again in the late 1970s, he carried out a sweeping agenda of economic changes.

The Associated Press

A Beijing interpreter, left, relaying orders from a Chinese government official, right, to the CBS reporter Dan Rather that the U.S. network must stop its broadcasting from Tiananmen Square.

Chinese Tap Their Only Weapon: 'People Power'

By Sheryl WuDunn
New York Times Service

BEIJING — When a small convoy of military trucks used to launch tear gas and to spray water on rioters rolled through eastern Beijing Saturday morning, the soldiers met their first unexpected challenge.

A street cleaner, an old woman, rushed up and lay on the road in front of the trucks.

Several hundred students immediately dashed toward the convoy, and the soldiers found themselves surrounded by Beijing residents who showered them with questions about why they wanted to repress a democratic movement, but who also gave them breakfast: bread, Coca-Cola and popsicles.

"We absolutely won't repress the people," an officer told the crowd. "We are the people's soldiers."

And then the soldiers, so moved that several were crying quietly, drove back the way they had come.

In an awakening of sorts, the Chinese people are tapping the only weapon they can to defend themselves and their struggle for democracy against the tens of thousands of military troops ordered by the government to move into the city: what many residents were calling "people power."

Martial law in some sectors of Beijing went into effect at 10 A.M. Saturday. By late Saturday night all over the capital, China's "desperados" and "kamikazes" — as they call themselves — were emerging from their silence and standing up for the university students who continued to fast for democracy.

"We have towels for tear gas and maybe buckets of cement to make road blocks, but besides that, we come just as we are — people," said Kong Linggi, 39, a worker at Capital Iron & Steel Co.

Mr. Kong and the people around him in the Haidian district of Beijing were preparing for the coming of the troops, who they said were based about 11 kilometers (seven miles) away. They were hoping that every inch of the distance would be lined with people prepared to use their bodies to block the convoy of military trucks.

Residents tried to block soldiers not only with their bodies, but also with persuasion.

They tried to engage soldiers in discussions about the democracy movement, and often they found that the troops had no idea at all of their cause.

At least some of the troops said they had been told by their leaders not to read recent newspapers or watch television news.

"We will lie beneath the wheels," said Wang Gang, 30, a leader of a new workers organization whose members have taken an oath to risk their lives for the students. These 300 "desperados," as they call themselves, wear white bandannas to distinguish themselves from the 400 "deputies" who wear red bandannas and take fewer risks because they have families to protect.

"We are not afraid of guns or bullets," Mr. Wang said. "But we are not allowed to break windshields, flatten the trucks' tires or beat the drivers."

Similar volunteer groups have sprung up all over the capital as angry residents form neighborhood teams that link up with others to protect the area from soldiers.

Often these teams form spontaneously. In the predawn hours Saturday in the southern suburbs of Beijing, 48 armed personnel carriers and 17 trucks holding about 850 policemen found their path impeded by a truck driver who parked his large vehicle right in front of them.

When troops parked three supply trucks near the Beijing Steel Institute, students drained the gasoline and deflated the tires.

Soviet TV Shows Beijing Turmoil

By Francis X. Clines
New York Times Service

MOSCOW — Soviet television viewers have received their most accurate account so far of the political turmoil in the streets of Beijing, including a brief glimpse of troops using force against demonstrators.

No less revealing, a commentator indicated for the first time that Mikhail S. Gorbachev, the Soviet leader, was something of a rallying point for the protesters.

"The students turned to Gorbachev as a model," the commentator declared Saturday night.

The official accounts from Tass, the Soviet press agency, have also gradually presented something of the full scope of the troubles, finally including an announcement that the Chinese government had called in the army to end the protests.

The main TV program, "Vremya," offered video clips of the troubles, including combat helicopters flying over the protest, with the commentary describing a "very tense situation."

The news accounts were in contrast to dispatches earlier last week, when Mr. Gorbachev was still in Beijing visiting Chinese leaders. Then the fact and extent of the popular protest and demand for political freedom had not been revealed to Soviet readers and television viewers.

The Tass dispatches were detailed in reporting that "the students' action continued unabated in Beijing's central square." Soviet reporters said Chinese troops were being brought in "from all sides."

The reports noted that protesters were urging the people to offer "resolute resistance to the military dictatorship" — the sort of detail omitted earlier in the week.

There were descriptions of hunger strikers fainting and being taken to medical help by way of a corridor protected by "a human chain of young people" at the heart of the protest.

For the moment, the Soviet authorities appeared content to let the reports speak for themselves. There was no obvious editorial commentary on the protests or on the problems of the Chinese leaders.

In Hong Kong, a Massive Rally to Back Protests

By Coleen Geraghty
International Herald Tribune

HONG KONG — Hundreds of of thousands of Hong Kong Chinese rallied on Sunday in support of pro-democracy demonstrators in China. The police said it was the largest demonstration in the territory's history.

Police estimated the crowd at up to a million, one-sixth of the population of Hong Kong. The marchers shouted slogans demanding the resignation of the Chinese prime minister, Li Peng, who has declared martial law in parts of Beijing.

Traffic was halted for hours along Hong Kong's main roads as protesters marched from the central business district to the Happy Valley race course.

On Saturday, about 30,000 people marched to the headquarters of the Xinhua news agency, Beijing's de facto embassy in Hong Kong, chanting slogans calling for the overthrow of Chinese leaders. In Macao, 15,000 people turned out to support Beijing's student protesters.

Hong Kong is scheduled to revert to Chinese rule in 1997, and Macao in 1999. Many residents say they fear their freedoms will be curtailed by Beijing's leaders.

Martin Lee, a local legislator who led Sunday's rally, said, "If they will not listen to the wishes of their people now, they will not listen to the wishes of the Hong Kong people after 1997."

■ Marches in Other Cities

Thousands of native Chinese marched in Paris, Tokyo and scores of other cities Sunday in a worldwide show of solidarity with pro-democracy protesters in Beijing, The Associated Press reported.

The police estimated that 2,000 people joined a march in Tokyo. The Japan Broadcasting Corp. said Chinese students also marched in Osaka, Nagoya, Tsukuba and other cities.

About 1,000 Chinese students demonstrated Sunday in Paris, carrying banners in French and Chinese with slogans such as "Brothers and sisters we love you; old dictators we hate you."

Chinese nationals and emigrés also rallied in major cities across the United States over the weekend.

Thousands of Chinese took to the streets of New York, Washington, Chicago, San Francisco and Houston to march and voice anger at Beijing and to urge American support for the students' cause.

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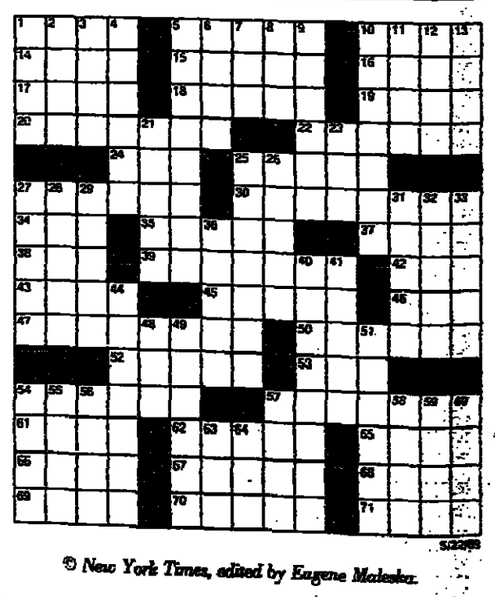
27 Wild horse
30 Dreamer
34 C S A soldier
35 McIntosh or Winesap
37 Cicatrix
38 Soul, in Arles
39 Rhea or Itzhak
42 —— Amin, Ugandan exile
43 Huge
45 Astonish
46 Small drink of liquor
47 Light musical drama
50 Mirror reflections
52 Stranger
53 —— de mer (seasickness)
54 Larry —— of "Dallas"
57 Artificial tanning device
61 Upon
62 Partly frozen rain
65 Ovid's 1,003
66 Kimono
67 Fifth-largest planet
68 Actor Johnson
69 Muslim prince
70 Turkish monetary units
71 Louis and Carrie

DOWN
1 Barbed spear
2 Venus de ——
3 River in W Germany
4 Paul or Phyllis



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Solution to Friday's Puzzle

A	P	I	A		W	E	B	B		F	A	R	C	E
B	O	M	B		A	S	E	A		O	R	I	O	N
C	O	M	E	A	G	A	I	N		R	I	G	I	D
S	H	E	L	L	O	U	T		S	K	O	A	L	S
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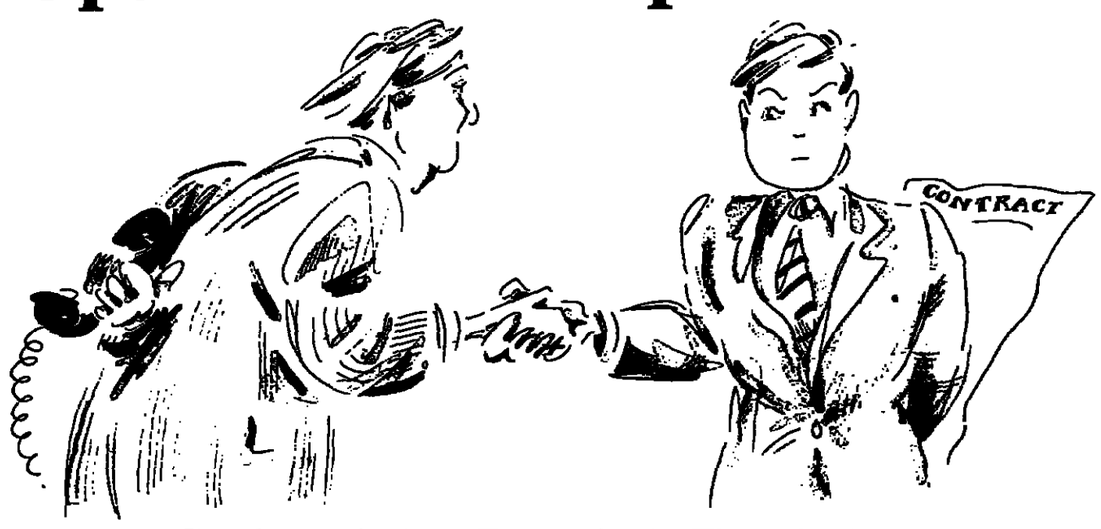
T	E	N	T	H		A	N	T	I		N	U	I	T
E	R	A	S	E		T	E	E	N		O	B	O	E

1 Fed. agents
2 Muslim leader
3 Dispatched
4 Assistant
5 Carnival musical instrument
6 Region
7 Meadow
8 "—— a boy!"
9 Weak
10 Chestnut-colored horses
11 Esau
12 —— bene
13 —— Van Huong, Vietnamese Prime Minister 1965
21 Remove a cover
23 Gabor or Le Gallienne
25 Bradford ——, actor from San Francisco
26 Swelling
27 Excellent!
28 Chart anew
29 Corpulent
31 Cake topping
32 Maugham's Miss Thompson
33 Journeys
36 Chatter
40 Vectonal angles
41 River in Russia
44 Hiker
48 Guido's high note
49 Christmas-tree decoration
51 Rock star Gregg ——
54 Rabbit's kin
55 Fissionable unit
56 Mongolian desert
57 Bristle
58 Breezy
59 Very small object
60 Pastries
63 Chou En-——
64 Sin

Open Market or Open Warfare?



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Kabul To Seek Peace

Najib Says Panel Will Meet Rebels

By John F. Burns
New York Times Service

KABUL — Under intensifying military pressure, the Soviet-backed government of Major General Najib has announced that it will appoint a three-member commission to negotiate an unconditional end to the Afghan war.

The initiative for peace talks came amid other signs that the Kabul regime is beginning to wilt under the pressure of defending Afghanistan's primary cities without Soviet troops, who withdrew from the war Feb. 15.

Among other things, General Najib announced that the government was indefinitely extending the state of emergency declared five days before the Soviet withdrawal. He also said the government would assume powers to declare a general mobilization, apparently a prelude to martial law.

General Najib made the announcements at a Loya Jirgah, or grand assembly, which has a centuries-old tradition in Afghanistan. It has been used 16 times since 1702 to decide matters of pressing national importance.

Before the Loya Jirgah on Saturday, reports had circulated that General Najib, 43, a former head of the Khad secret police, might use the occasion to announce the most startling reversal of policy yet by the Kabul rulers: an invitation for the return of former King Zahir Shah, now 74, who took up exile in Rome in 1973 after he was overthrown by his cousin, General Sadar Mohammed Daud.

But tentative contacts were evidently discouraging; General Najib said only that the mediating commission should seek talks with the ex-king, as he called him.

He said the appointment of the mediators should meet objections of the Muslim guerrillas, who have refused all contacts with General Najib or his associates in the governing People's Democratic Party, the Marxist group that seized power in 1978.

Citing the violence unleashed by that coup, rebel leaders have said there can be no compromise settlement with the Kabul regime.

General Najib coupled the announcement with a new appeal to the United States to abandon its refusal to discuss Soviet proposals for a mutual arms cutoff and a cease-fire.

CHINA: *Barricades Up in Beijing*

(Continued from page 1)

Yingchao, who is said to be the adoptive mother of Mr. Li.

Diplomats said that Mr. Zhao was virtually under house arrest because of his opposition to martial law but that he retained his title of party chief and still exerted considerable influence. They said they did not rule out the possibility that Mr. Zhao would make a comeback in view of the turmoil in Beijing and the "mistakes" that Mr. Li has made.

Students said that Mr. Zhao now had the potential to become a popular figure, leading the opposition to Mr. Li.

One student leader, Zhang Zhiyong, said: "The students regarded Zhao as being in the right. We now have evidence that he was on the side of the students from the beginning."

Mr. Zhang said the students also had evidence that top army generals were in conflict over the martial law decision.

Mr. Zhang, 24, a graduate student at Beijing University, said the students' main task was to "establish the rule of law over the rule of man."

He said the students were prepared to do battle with Mr. Li but that they preferred that it be a peaceful struggle. "Our struggle," he said, "is like the French Revolution without the violence."

On the Western outskirts of Beijing, at Shijingshan, students lectured to soldiers who were immobilized by thousands of students and other civilians.

Near Tiananmen Square, one group of students on bicycles carried a tattered white banner reading, "We Dare to Die." Pictures of students who were beaten by the police when they blocked army vehicles south of the city on Saturday were being distributed in leaflet form on the square.

At the Nanyuan military airfield, 10 miles south of Beijing, more than 10,000 students and other Chinese were blocking the main gates, hoping to prevent troops from moving toward the city.

Thousands of Chinese poured into the Tiananmen area on bicycles and in commandeered buses on Sunday, anticipating that any move on the square would come from the south.

Local farmers said military aircraft had been landing at the airfield for the last three days, presumably bringing in troops to reinforce those already camped on the outskirts of the city.

A quarter of a mile to the east of airfield, some 1,000 student-led Chinese set up human and physical barricades around 14 tanks and six support vehicles.

In many places, Chinese appeared to have lost all fear of government authority, the regular police and the secret police. They stood at street corners and argued over politics in an open way never seen before in Beijing.

The students in Beijing are being steadily reinforced by students from the provinces who are pouring into the city by train to show their solidarity with, and support for, the demonstrators.

Demonstrations in support of the protesters in Beijing were were reported in numerous Chinese cities. In the old northern capital of Xian, 300,000 protesters packed the streets on Saturday, demanding greater democracy. Thousands of students, flanked by sympathetic workers, were reported on Shanghai's waterfront in support of hundreds of hunger strikers, and more demonstrations were reported elsewhere in the city, China's largest.

Students originally said they wanted to work within the system, to reform the government and party rather than overthrow them. Students have repeatedly emphasized the nonviolent nature of their movement.

The students have also been seeking major changes toward democracy, including freedom of speech and of the press, an end to official corruption and a sincere dialogue with the leaders.

Pole to Set Up Film Company With U.S. Partner

International Herald Tribune

CANNES — Ryszard Popieszynski, the head of Poland's state-run film export-import company, says he plans to establish the first privately run film-production company in Eastern Europe.

Mr. Popieszynski said he would leave his post with Film Polski in July to set up the new company, in a joint venture with an American partner. The private company will be in competition with Film Polski, breaking a monopoly on production and distribution the state has held for decades.

Mr. Popieszynski said the joint venture was made possible by a law passed early this year enabling foreign companies to invest in Polish businesses.

The new company, to be called FATA, for Film and Trade Agency International, will be based in Warsaw, with tentative plans for a branch office in Los Angeles.

"It is too early to say who the U.S. partner will be," said Mr. Popieszynski, who was in Cannes for the film festival. "We're still in the negotiating stages. All I can say is that it is a Los Angeles-based film company and that a start-up capital investment of $500,000 for equipment has been settled upon."

REACT: *Restraint Urged*

(Continued from page 1)

Prime Minister Li Peng will fail and that Zhao Ziyang, temporarily sidelined as the Communist Party general secretary, or someone who shares his views will be returned to power as part of the reaction.

Secretary of State James A. Baker 3d seemed to reflect this assessment in comments Saturday.

Saying that it was "premature" to conclude that hard-line forces in China were on the ascendancy while the situation remained "in a certain bit of flux," Mr. Baker gave his "personal view" that processes for change tended to be irreversible.

"When people taste the fruits of freedom," he said, "it's not our view that you can reverse the process."

As the drama is played out in China, the U.S. administration has adopted "a watching brief" in the belief that it has little influence on the course of events, officials said.

But at the same time, the administration has begun to put itself on record on the side of the students and their sympathizers, with public statements opposing violence and favoring basic civil liberties.

The State Department, meanwhile, has issued a travel advisory warning Americans to avoid travel to China for the next three days and urging those there to stay off the streets.

EXPEL: *U.K.-Soviet Feud*

(Continued from page 1)

ously not diminished at all despite all the new openness in Moscow.

Mrs. Thatcher's admiration for Mr. Gorbachev's policies did not prevent her from openly disagreeing with him, while he was in Britain, about his calls for complete denuclearization of Europe. She told him his stand would endanger peace rather than strengthen it.

After he left, Mrs. Thatcher felt that Soviet attempts to exploit disagreements within NATO needed to be resolutely rejected, several British officials said on the weekend. They maintained that the expulsion of alleged Soviet spies on the eve of the May 29-30 NATO summit meeting in Brussels was coincidental.

The journalists ordered expelled from the Soviet Union were Jeremy Harris of BBC radio, Angus Roxburgh of the Sunday Times and Ian Glover-James of Independent Television News.

The Foreign Office did not release the names of the Soviet diplomats and journalists being required to leave Britain within two weeks.

YELTSIN: *A Call for Change in Gorbachev's Policies and in Politburo*

(Continued from page 1)

now he speaks with the authority of a man who has won more votes in an election than any other politician in seven decades of Bolshevik history. When the congress opens, people will be watching Mr. Yeltsin more than any other member except, perhaps, Mr. Gorbachev.

At the rally Saturday, Mr. Yeltsin said that he had a 90-minute private meeting with Mr. Gorbachev on May 12, during which the Soviet leader offered him a spot in the permanent legislature, the Supreme Soviet, if Mr. Yeltsin would "quiet down." Mr. Yeltsin said he refused.

Once one of Mr. Gorbachev's closest allies, Mr. Yeltsin's evaluation of the Kremlin leader's tactics in developing a program of comprehensive radical policy revisions in the Soviet Union was characteristically blunt.

"I have my opinion in this respect, and it differs from that of Comrade Gorbachev," he said.

He said that Mr. Gorbachev's program of *perestroika*, or restructuring, should not have started on such a "broad front" and should instead have first "concentrated on the improvement of the welfare of the people, at the cost of things like defense and the space program."

If Mr. Gorbachev had done that immediately, Mr. Yeltsin said, "it would have been possible to improve radically people's well-being, their food, services, housing and so on."

"Connecting that with *perestroika*," he said, "they undoubtedly would have started to believe in reform with all their hearts."

As it is, with even the most basic foodstuffs impossible to find in the stores, "people don't feel real changes in their lives, and the level of faith is diminishing," Mr. Yeltsin said.

He said he would not talk directly about the possibility of any future threats to Mr. Gorbachev's policies and power.

"Deeds will be decisive," he said. "Now the gap between words and deeds has reached a critical point. So having experienced that for four years already, probably in a year or two people will express their opinion: Enough speeches, we need deeds."

Mr. Yeltsin also questioned Mr. Gorbachev's judgment in elevating Vadim A. Medvedev to the crucial job of ideology chief and shifting Alexander N. Yakovlev, Mr. Gorbachev's closest ideological soul mate, out of that role and into a new position as head of foreign policy.

Mr. Medvedev is considerably more conservative and less imaginative than Mr. Yakovlev, according to Soviet and Western analysts.

Mr. Yeltsin said, "I cannot quite understand this *rokirovka*," a Russian term for castling in chess, or switching the positions of the rook and king.

Mr. Yeltsin fell from official grace in October 1987, when he shocked the Communist Party Central Committee with a stinging speech that defied the unwritten rules of political etiquette. He made scathing comments about Mr. Ligachev and said the pace of change was too slow. For that speech, Mr. Yeltsin lost his post in the Politburo and was publicly upbraided by Mr. Gorbachev and dozens of other leaders.

Throughout the interview at his office on Pushkinskaya Street, Mr. Yeltsin's elastic face shifted from expressions of tragedy to puzzlement to delight in a matter of seconds. He is a broad performer in a political culture that has long valued bland tact.

Mr. Yeltsin said that even in childhood he was a "little bit of a hooligan." When he was 11, during World War II, he sneaked into an arms storehouse with two friends and stole two hand grenades, he said.

"When we started to disassemble them, one of the grenades exploded," said Mr. Yeltsin, who lost the thumb and forefinger on his left hand in the accident.

Later, at his eighth grade graduation ceremonies, Mr. Yeltsin grabbed the microphone and announced before all the parents and teachers that the head teacher was "harming the kids" and should be dismissed, he said.

After that, he was thrown out of school and not allowed to continue, he said. "But I managed to get reinstated," he added.

Two years later, he and a friend cut school for two months to go hiking in the Siberian forests near his hometown of Sverdlovsk.

"Not exactly a good example for young people," Mr. Yeltsin said.

Now, as a populist in the midst of the so-called Second Russian Revolution, Mr. Yeltsin is as daring, and reckless, as he presented himself as being in his schooldays. In his comments about Raisa M. Gorbachev, he echoed widespread displeasure with the Soviet leader's desire to create a position of "first lady."

He said it was "not traditional, for example, always to accompany the husband, especially inside the country." He said that he understood "it was necessary when going abroad, when there are some protocol events" that made the presence of Mrs. Gorbachev acceptable.

"Woman with woman," he said in mentioning Britain and Prime Minister Margaret Thatcher. "But as for visits inside the country, on trips to factories, plants and farms, well, that evokes irritation in many people."

He said that in meeting "with thousands and thousands of people," it was rare "when they didn't ask me about this."

Asked if he had told Mr. Gorbachev about his feelings on the subject of his wife, Mr. Yeltsin smiled self-consciously.

"That's beyond the boundary of ethics," he said. "So I'll refrain from answering. I won't say yes or no."

Mr. Yeltsin said he continued to speak in person and by telephone with Mr. Gorbachev, despite their public break, "but less often" than before. He said he had also discussed Mr. Ligachev with Mr. Gorbachev, but would only smile, mischievously this time, when asked about the Soviet leader's feelings about Mr. Ligachev.

It was suggested to him that, to some degree, Mr. Gorbachev has been able to use Mr. Ligachev as a kind of political foil when necessary, and that if Mr. Ligachev did not exist, Mr. Gorbachev might have had to invent him.

Mr. Yeltsin said "that was true" in the first stage of *perestroika*. But he added that Mr. Gorbachev "had lost the opportunity to replace him."

Mr. Yeltsin was uncharacteristically skittish about his plans and ambitions for the opening of the congress. He has made no secret of his desire to be elected to the standing legislature, the Supreme Soviet, but he dodged a question about whether he would accept an offer to run against Mr. Gorbachev for president.

"Oh, we've gone too far with your questions" he said, laughing.

"Usually I speak sincerely, without restraint," he said "but here you're asking a question that I feel acutely."

As a former member of the Politburo and still a member of the policy-making Central Committee, Mr. Yeltsin also offered a rare glimpse into life at the top of the Communist Party. He said that "there has never been a real threat" to Mr. Gorbachev's power since he became Kremlin leader in March 1985, "and there has been no organized opposition, either."

He said the sharpest differences had been over questions of tactics.

"The discussion usually takes place within certain boundaries, and if one goes beyond that boundary, then one is just not in the Politburo," Mr. Yeltsin said.

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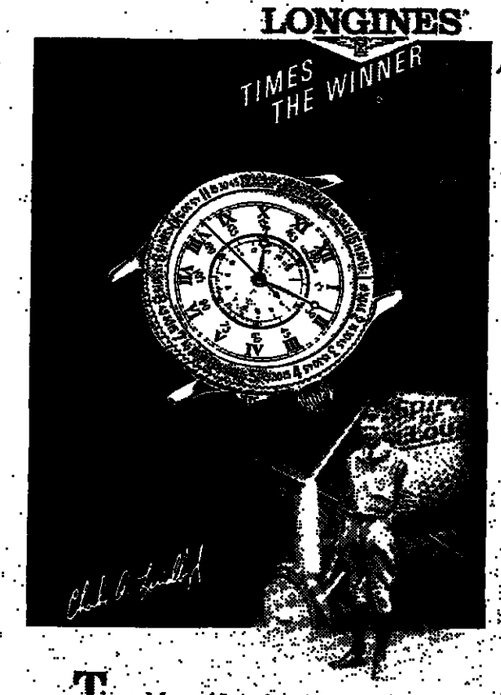

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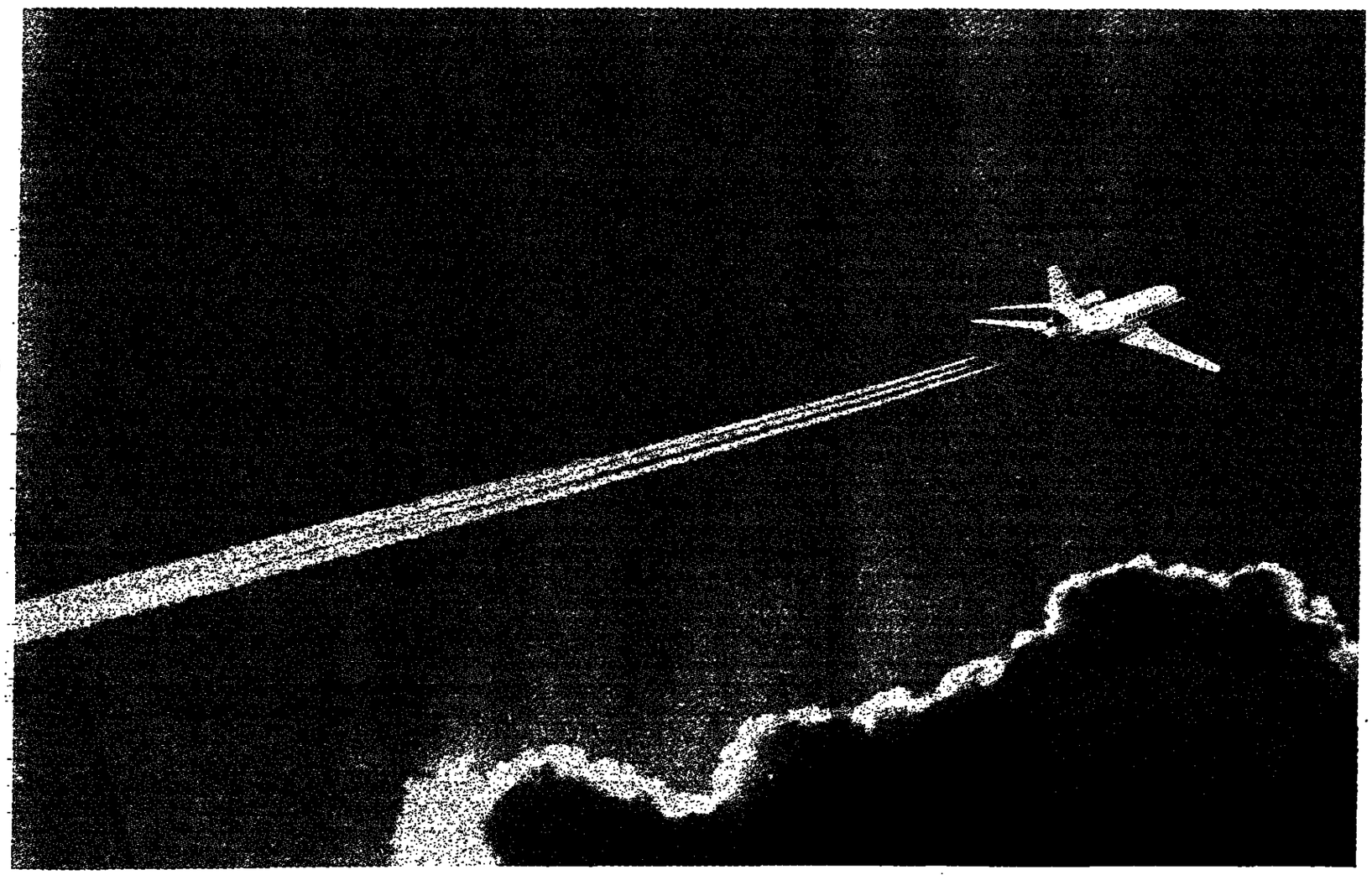

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OPINION

Who Is the Leader?

Imagine that an alien spaceship approached Earth and sent the message, "Take me to your leader." Who would that be? Without doubt, Mikhail Gorbachev.

It could not be anyone from the planet's most populous country; China's Communist rulers are straining to contain the rush toward democracy by millions in the streets. It could not be anyone from rapidly rising Japan, which is nearly leaderless pending resolution of political scandal. And it is unlikely that most Earthlings would instantly think of George Bush.

Which leader's initiatives have captured the imagination of people aromnd the world? Chinese students answered last week with a banner reading: "In the Soviet Union they have Gorbachev. In China we have whom?"

Such impressions do not do justice to President Bush. After 40 years of Cold War, re-evaluating the assumptions governing survival would be a monumental task for any president. It is all the harder for a new one. Mr. Gorbachev has been in office four years, Mr. Bush four months.

The president is just now unfolding his policies and may offer initiatives of his own this week. If so, he may finally allay growing bewilderment and concern. At three different levels of leadership, Mr. Bush has become as noteworthy for his absence as Mr. Gorbachev is for his presence.

The lowest level is that of simple language. Mr. Gorbachev talks of removing 500 nuclear weapons from Europe, a mere gesture but in a welcome direction. Defense Secretary Dick Cheney derides it: "He has got so many rat holes over there in Eastern Europe that 500 is a pittance." When Mr. Gorbachev claims to have stopped sending arms to Nicaragua, the White House press secretary accuses him of posturing like a "drugstore cowboy." It is incomprehensible. How can the administration expect to exert world leadership when it seems so determined to kick gift horses in the teeth?

At a higher level, the administration has been strangely truculent about negotiations over short-range nuclear weapons in Europe. Even certified hawks believe that it is safe, and sound, to pursue such talks in tandem with conventional arms negotiations. Mr. Bush will be hard pressed to lead the Western alliance without somehow acknowledging the need to negotiate.

There is a still higher level of concern over American leadership. Americans cannot let down their guard; they have seen too much evidence of aggression and repression. But they are also seeing seismic changes that offer the promise of troop withdrawals, arms reductions and the freeing of vast fortunes for peaceful purposes.

Where does George Bush wish to lead? What does his America stand for? Two present challenges are clear. Mr. Bush could start spelling out how to make the transition from the old assumptions to new ones. More specifically, he could offer some idea of how government should organize itself to achieve new global goals.

Those are not hard to identify. After nuclear weapons, the obvious survival question concerns the environment. After military rivalry, the obvious competitive questions concern economic arrangements. And after international questions, there is abundant opportunity for domestic initiatives from the would-be Education President.

For two generations the United States has championed political and economic freedom around the world. Now that those values are triumphant, America can do more than cautiously try to squeeze concessions out of the losers. The leader of the free world can become a leader of the whole planet; but he has to try.

— THE NEW YORK TIMES.

Fallout in Moscow

Mikhail Gorbachev went to China to seal a new state of Chinese-Soviet cordiality, but well before he left the diplomacy had been pocketed and almost everyone had gone on to a question more central and vexing for both powers. That is, of course, the question of the relationship of rulers to ruled in contemporary communist society. Led by the hunger-striking students, the Chinese people conducted one of the classic political protests, using Mr. Gorbachev and his massive press entourage as cover to go into the streets in immense numbers, symbolically to take over the capital from the authorities, to draw them at least briefly into the unfamiliar mode of peaceful political dialogue and to demand a fundamental revision of China's totalitarian ways.

Forty years ago in Korea and 20 years ago in Vietnam, Chinese were fighting American soldiers. (Beijing, by the way, has just admitted that it had 320,000 combat troops in Vietnam and spent $20 billion there.) Now they are pursuing American ideals. Already caught up in a crisis of economic reform and a leadership transition, China suddenly found itself facing a mass demand for democracy, too.

The students do not have a sturdy organization or a political blueprint, but they have a moral authority, a mass following and an extraordinary tactical sense in dealing with a government, and army, of vastly superior conventional resources.

An element in the party led by General Secretary Zhao Ziyang had seemed to be establishing that political stability requires making room for criticism and dissent. He was forced back, however, by Prime Minister Li Peng's contrary assertion — supported not only by Deng Xiaoping, the senior leader, but also by troops — that attempts at conciliation were only spreading anarchy. A party that still regards its primacy as "historically necessary" will not easily grant democratic reform, let alone subject its leaders to personal repudiation, as the students insist.

Not in China and not in the Soviet Union, although some aspects of political reform have made headway in the latter. Chinese students made of Mr. Gorbachev a lion of democracy, and he seemed to expand in the role, brushing off "hotheads" yet pronouncing the process of renewal painful but necessary. He would have been heard by all the different elements contending in Moscow, and so he may be returning to a debate at home tightened by the demonstrations, the intense battle of the Chinese leaders, the apparent upset victory by one of them and an astonishing confrontation of students and soldiers that is still playing out. The Gorbachev presence created the chemistry of the continuing Chinese explosion. That explosion cannot fail to affect the chemistry in Moscow in turn.

— THE WASHINGTON POST.

Mission to Panama

A team from the Organization of American States is Panama-bound to try to induce Manuel Antonio Noriega to step aside. The mission bears the authority of a rare consensus vote by the Western Hemisphere's foreign ministers. The OAS resolution identifies the general by name and holds him accountable for flouting the electoral will of the Panamanian people. The usual Latin reservations about any act that smacks of "interference" in a member's internal affairs were removed in this instance by the clarity and brutality of General Noriega's violations.

There is scant expectation that the Panamanian strongman will soon yield to the appeals of the mission. Its dispatch, however, marks his failure to categorize and minimize the assault on his electoral thuggery as an American vendetta; only Nicaragua stood with him on that score. Instead he is faced with a broadly united front of fellow Latins, virtually every one of them identifying with the democratic current in the hemisphere. Democracy is shaky in Latin America; in opposing military intervention in Panama, the other governments are throwing up a defense against coups in their own countries.

The OAS offered the Bush administration a chance to internationalize the Noriega problem. His fate will no longer be determined in a two-party war of nerves that allows the general to play David to Washington's Goliath. The embarrassment, if it continues, will not be the United States' alone. Meanwhile, Washington is cutting off some sensitive links with Panama, including those in drug and law enforcement, where a certain working-level cooperation had been maintained. This hurts, but it helps set the stage to persuade other countries to deepen the isolation of the Noriega regime. The United States has its own specific treaty obligations to protect the Panama Canal, but otherwise it takes its stand with the hemisphere's democrats.

— THE WASHINGTON POST.

Other Comment

For New Japanese Thinking

An earthquake, namely the U.S. omnibus trade bill, has sent shock waves through Japanese industry. [One clause] is intended to intimidate foreign countries into stopping what the U.S. government sees as unfair trade practices, by calling for retaliation.

The huge U.S. trade deficit, a major source of economic friction between Washington and Tokyo, is largely due to the failure of U.S. economic policy and business practices. Thus it is reasonable to demand that the United States solve its problems first. The Japanese government is pointing out misunderstandings and looking for ways to compromise, but such efforts could be effective only in the short run. Japan should make an effort to extinguish the fire, in addition to stamping out the sparks.

Japan should face its strong export drive and come up with an idea to curb it. Japanese, who live in the most productive society in the world, work the longest hours among industrialized nations. No wonder that Japan is cultivating a huge trade surplus. Living in Japan, there is no feeling of being rich. It is necessary for Japan to allow the Japanese the fruits of their labor. Such a goal could be achieved by drastically increasing holidays, reducing production or taxing goods whose exports are rapidly increasing and using the revenue for the social welfare.

It is high time to change the Japanese way of thinking.

— Asahi Shimbun (Tokyo).

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China: The Old Rulers Were Out of Touch

By Jim Hoagland

BEIJING — China's gerontocracy revealed last week how badly out of touch it is with its people. The government mishandled a needless confrontation with idealistic students, who initially sought little more than respect from their elders and a faster pace of social modernization.

China's close links to America were not an issue in the collision of the hunger strikers and Deng Xiaoping's government. If anything, the strikers were more sympathetic to the values that America stands for than is the government they were challenging. In the long march of supporters who filed into Tiananmen Square during the week, Chinese students who have studied in America carried banners identifying their American campus.

But the incompetence and divisions in the government brought to the surface by the crisis must provoke a serious reassessment of the deep faith that Washington has placed in Beijing's leadership for nearly two decades.

At one level, that faith was amply justified. Mr. Deng's reversal of the rabid radicalism of the Red Guard era and the economic liberalization he engineered will survive the protracted power struggle that the student crisis triggered. In announcing the move to end the strike Friday night, Prime Minister Li Peng made a point of emphasizing that the economic reforms and China's opening to the outside world would continue.

But Mr. Deng's credibility has been destroyed in the space of a month by his failure to maintain a balance between the push of Western modernization and the pull of Asian tradition. In what history will record as his last days as an effective ruler, he dug his heels in on the side of tradition and holding power for himself. He failed to see that his reforms had formed a generation that has more confidence than he does in China's ability to adapt Western influence to Chinese conditions.

His actions tend to confirm the widely held belief here that he personally ordered the writing of an editorial that ran in the People's Daily on April 26. It vehemently criticized students who had been demonstrating in favor of increased democracy, and threatened army action against them.

The Communist leadership, formed of the peasants, workers and soldiers who followed Mao on his long march, has never treated students and intellectuals with dignity. Even after halting the violent excesses committed against them by the Red Guards, Mr. Deng did nothing to improve the miserable living conditions that Chinese students endure. His verbal attack on them as unpatriotic in April unleashed demonstrations in Tiananmen Square seeking an apology as a gesture of respect.

Mr. Deng was able neither to apologize, and lose face, nor get the army to back up his threat of repression. He temporized, and the crowds grew. At that point the students seemed to be demonstrating in a traditional Asian sense — showing their low opinion of their rulers, not making specific political demands. This brought them sympathy and respect, and ultimately protection.

The open battle between Li Peng, who wanted to crack down on the students right away, and the party boss, Zhao Ziyang, who tried to find ways to accommodate their demands and who blocked military action until Friday night, turned the protests into deadly political instruments.

Could the United States have played a role in limiting or even preventing the spasm of instability that has struck a valued and valuable friendly leadership? It seems a bit much to ask of Washington to look after Communist dictatorships that fear their own people.

But last week's events cast a new and unfavorable light on the failure of George Bush to make clear to the Chinese leaders U.S. concern about human and political rights in China. The Chinese decision to prevent dissident Fang Lizhi from attending a dinner for Mr. Bush here on Feb. 26 gave the president the perfect opportunity to make the point forcefully.

President Bush must have thought he was doing his old friend Mr. Deng a favor by not making an issue of the Fang incident. If so, he turns out to have been wrong. Mr. Deng needed to be exposed to his people's aspirations for more freedom, not shielded from it.

The Washington Post.

You Can't Decrypt New Trends With Old Slogans

By Flora Lewis

COPENHAGEN — Important but subtle changes are going on behind spectacular developments in international affairs. Whatever happens in China now, whether repression, upheaval or piecemeal accommodation, history has taken another spin.

Mikhail Gorbachev achieved Moscow's long-standing aim of "normalization" with China. But he will not soon forget the massive demonstrations which his trip to Beijing gave students a chance to develop with minimum government interference.

The aftermath in China, despite great differences in the two societies, is bound to affect his ideas on how to go ahead "opening" the Soviet Union.

Memories of the Cultural Revolution no doubt shaped the extraordinary discipline and restraint of Chinese youth, whose counterparts wreaked such vast devastation on their country just one generation ago.

Still, those who hold the levers of power were frightened by sheer numbers into reasserting control. Reform is the hardest task of power.

The ordeal of Communist leaders trying to worm their countries out of self-devised distress is enormous. Le Monde, in Paris, portrayed it neatly the other day in a cartoon showing Mr. Gorbachev and Deng Xiaoping trapped in a hammer-and-sickle-shaped maze. The caption was: "Maybe together we can find a way out."

There are good reasons to accept eager assurances from Beijing and Moscow that their formal reconciliation is not aimed against the United States. Both desperately want American and other Western involvement in reviving their economies. They also look to the United States to keep some global stability while they attend to troubles at home.

This is where the subtleties come in. Neither shows any interest in trying to push the U.S. military out of Asia, where, as a New York Times editorial put it, American forces are keeping the peace between two Koreas and averting the possibility of renewed Japanese militarism.

Despite the old polemics, something similar is happening in Europe. In a peculiar way, the overseas American military establishment set up to counter Communist expansion is being converted into a guarantor of the World War II victory.

The vanquished are leading economic powers now, and it is U.S. military presence that keeps their resurgence from overwhelming postwar security arrangements.

An eminent international group, mostly physicists, has been meeting here, in the second Niels Bohr Symposium, on the grandiose theme of "Global Issues in an Open World: From Confrontation to Cooperation."

These stars of hard science tend to be wishy on politics, but they quickly realized that they are not so sure what "open" means. Verification helps, but it is far short of full opening, one noted. Another pointed out that there was little secret about the ambitions of Hitler and Japan's militarists in the 1930s, but information was not enough to prevent war. It would have taken willingness to face reality.

In Europe, the big issue is once again "the German question," but it doesn't mean what it used to. The murkiness comes partly because the Germans are not sure what they want, partly because old taboos make it so hard for them to be open about the choices. The urge to consolidate and strengthen the European Community is intense and moving forward. Margaret Thatcher will not be able to prevent the decisive move to monetary unity if Bonn makes up its mind to push for it. But at this stage in history, that would pull against the urge to bring Eastern Europe much closer to the West and restore a special German role in the middle of the continent.

Shifts in the French view reflect the new dilemma. Since de Gaulle, Paris and Washington have been tugging Bonn in opposite directions to assure the greater influence. Now Paris is moving around to help Washington keep the Federal Republic firmly anchored in the West. Reunification, or even the emergence of a formally disunited Germany as the central pole of attraction in Europe, is no more in French than in Soviet interests. U.S. troops help prevent that.

The Berlin wall is the most potent symbol of how much opening is available and desired as the world transforms itself. Theo Sommer, respected editor of Die Zeit, was asked at the Bohr Symposium whether West Germans really want the wall dismantled and what the consequences would be. "Not until East Germany is fully liberalized," he answered. "Then people would stay where they are. If they pull it down too soon, we'd have to build one in the West." He said it jokingly, but it is what most West Germans would say if they had the courage.

There needs to be some new openness, new candor in the West as well if we are to deal reasonably with contradictory new trends. The old slogans are dangerously confusing.

The New York Times.

Here and There, People in the Streets Want Change

By Marcus Raskin

WASHINGTON — A dramatic change is occurring in world politics, and it is being brought about by popular demonstrations. Chinese, Poles, Soviets, South Koreans, Burmese and others are voting with their feet, pressing their governments into uncertainty.

These demonstrations promise to continue their march from one country to the next, fed by local conditions, instant global communications and a spirit of freedom not very different from the kind that spurred grass roots activism in the French and American revolutions of the 18th century.

In our own time, this spirit fueled the demonstrations of 1968 in the United States, France, Mexico and Czechoslovakia. No country will be free from these astonishing and unsettling political forces.

The reason is that the battle cry of the people on the streets is democracy. Democracy means an absence of external physical constraint, toleration of different ideas, participation by citizens in questions that concern them, and formulation of rules of law that enhance human dignity.

In the United States, demonstrations — about peace, the environment, education, racial equality and the economy — are carried out almost daily, although they usually go unreported in the national media. In the last few weeks students have occupied university buildings in New York and Massachusetts to protest tuition increases and defense contracts. In Virginia, miners have staged sit-downs for higher wages. Most astonishing of all was the demonstration in Washington where at least 300,000 people demonstrated for women's rights.

Although revolutionary conditions are invariably local in the 20th century, there are usually parallel circumstances that surface in different cultures. In February, tens of thousands of Burmese demonstrated and overthrew the repressive government of Ne Win. In April, thousands of Jordanians took to the streets to protest rising food prices and demand the removal of the Jordanian government. In Haiti, street demonstrations for democracy brought down a government.

The same spirit of popular revolt has swept through the streets and factories of Poland in the last several years — to the point where the Communist Party had no choice but to share power with the Solidarity trade union. Street protests are changing the face of the Soviet Union, from Armenia and Georgia to the Baltic states. And as we saw last week, China is in the midst of a popular upheaval that may not be stemmed by the government's declaration of a state of emergency. The spring of 1989 brings an increase in demonstrations throughout the world, irrespective of ideological persuasion.

In South Korea there are continuing street protests demanding greater democracy and unification with North Korea. In the Philippines the New People's Army will be taking to the streets to demonstrate against the American presence and in favor of land reform. In Israel, Palestinian youths will continue their resistance to Israeli occupation. This Palestinian intifada has hurt Israel's image in the world, and it has pushed the United States into open discussions with the PLO.

Whatever the merits of the individual causes, the power of street demonstrations is undeniable.

For the present, America may be likened to the Soviet Union in the Chernenko period. Leaders are immobilized, unable to shake out of their Cold War lethargy, gargantuan "national security" budgets, ossifying military alliances and decaying cities. For now, the global movement for change may seem quiescent in the United States, but American leaders will err if they think they are standing on firm ground rather than thawing ice. The United States will not escape the march of democracy's new age.

The writer is a co-founder of the Institute for Policy Studies. He contributed this comment to The Washington Post.

After the Great Fete, a Return to Chaos in China?

By Orville Schell

BEIJING — The latest round of protest against the Chinese leadership's dictatorial and corrupt governance began on May 13 when, in anticipation of Mikhail Gorbachev's impending visit, a few thousand Chinese students started a sit-in and hunger strike in Tiananmen Square for greater democracy and human rights. Shortly after this initial contingent of students set up camp, they were endorsed by groups of journalists and professors, who called for more democracy and freedom of the press. During the next few days, brigades of older intellectuals and teachers began to join the protest as "support groups" for the fasting students.

Then last Monday evening, the day Mr. Gorbachev arrived in Beijing, a new and spontaneous demonstration began in the square under a banner which declared its participants to be *shimin*, "residents of the city." Composed of unemployed workers, drifters, laborers and keepers of the private stalls that now dot the city, this raucous congregation of lumpen proletarians represented the first addition to this growing protest movement of social elements outside China's educated elite. It was an ominous sign for the government.

The first banners from workers' organizations appeared on the edge of the huge crowd on Tuesday. The next day, hundreds of thousands of factory laborers in workshop smocks, hotel service workers in tuxedos, construction workers in hard hats and even night soil collectors in their tank trucks began surging into the square under banners proclaiming "Deng Xiaoping should step down, we want peace," and cartoon drawings that likened Premier Li Peng to a pig.

By Thursday the streets were awash with factory workers who had been pouring into the city in commandeered trucks, borrowed buses and heavy earth-moving equipment expropriated from construction sites, all festooned with banners proclaiming their support for the fasting students. Throughout the day, long waves of protesters paraded past the Gate of Heavenly Peace, bringing the entire center of Beijing to a halt. There were Christian groups, elementary school teachers and students, motorcycle punks, private entrepreneurs, hospital nurses, airline employees, tax collectors and even uniformed policemen marching defiantly through the heart of the capital as crowds roared their approval.

Previously the demonstrations had been remarkably well organized and controlled by student leaders, but as workers poured in from suburban factories and bands of peasants began arriving from the countryside the tone of the crowd seemed to change. Feeding on a mixture of discontent and exhilaration, the whole protest hovered on the border of chaos. Decades of repression at the hands of the party combined with new grievances about inflation, corruption, nepotism and bureaucratism to form a potent new opposition force.

With each passing day the government's inaction only served to erode further what remained of its credibility. What we have been witnessing these past few days is a government that was utterly defied — and was unable to maintain public confidence in its ability to keep order.

Friday's decision to impose a state of emergency was a public admission of what had happened in the streets. The protest which had started at the very seat of governmental power had now spread not only throughout Beijing but across the country as well, breaking the mystique of the party's invincibility. Although it may not have been respected in the last few years, the party was at least feared.

The essential bond that ties a people to its government has been broken here in Beijing in a way which is so final that it is hard to imagine how it might ever be restored.

What was alarming about the way the protest developed last week was the loss of control by both the government and the student movement. As the week progressed, an observer was reminded of the Cultural Revolution. Although proclaiming freedom and democracy rather than class struggle as their goals, the protesters displayed the same kind of dizzy and lawless exhilaration that led to the worst and most chaotic days of Mao and the Red Guards.

On Wednesday, portraits of Mao began to turn up in the streets and at Tiananmen Square. By Friday they were commonplace. People had once again begun wearing Mao buttons, sometimes even incongruously with hats and headbands inscribed with the characters for democracy and human rights. Such buttons may be worn more to belittle Deng Xiaoping than to glorify Mao, but they are frightening reminders of what can happen should the Chinese run amok as they did during the Cultural Revolution.

One can hardly be optimistic about the current government's abilities to contain the explosion — or to survive it. The government has lost all semblance of popular support.

Whatever this leadership may try to do in the next few days to restore confidence and order by cracking down or making personnel changes, it will almost certainly fail to re-establish that bond of trust that must exist between a government and its people if society is to function. Chinese no longer evince more than mockery for their leaders. The mandate of the Communist Party — at least of the old guard of veteran revolutionaries who have led it for so long and the lusterless successors they have chosen but never anointed with real power — seems to have passed.

Banners and posters now speak of *tianming* — the "will of heaven" — having passed from this government. During dynastic times it was believed that when the moral bonds between ruler and ruled were violated, the cosmic forces of "heaven" from which an emperor drew his mandate to rule would be lost — a loss that would be made manifest by popular rebellion.

It is the dissolution of just this mandate to rule that has been taking place in China. By failing to address the legitimate grievances of its students and intellectuals, party leaders have brought China to the brink of chaos. The country's leadership has squandered its mandate to rule, which could well mean that the country no longer has a credible body to lead it. If this is so, we may see China sink into another interregnum of political chaos that could rival even the warlord period that followed the May 4th Movement of 1919.

The writer is author of "Discos and Democracy: China in the Throes of Reform." He contributed this comment to The Washington Post.

The World Is Watching Beijing

By Anthony Lewis

BOSTON — History happening before our eyes: That was our awed feeling as we watched the scenes in Tiananmen Square, until the Chinese government cut the international television links.

Here was a giant society stirring against a regime that was suddenly, amazingly, vulnerable. How did it happen? Why did people by the millions break their constraints and voice demands for change?

Just 10 years ago, Deng Xiaoping crushed the Democracy Wall movement with no difficulty. He sent Wei Jingsheng, the most important of the young campaigners for democracy, into brutal imprisonment. There was no perceptible resistance, inside China or outside. America was so intent on improving its relations with China that, to its shame, it said nothing.

Mr. Deng saw that as proof that the world did not care if China crushed dissent. In 1987, urging a crackdown on student unrest, he told high party officials: "We put Wei Jingsheng behind bars, didn't we? Did that damage China's reputation?"

Today the world does care about tyranny in China, and China has to care what the world thinks.

It is no longer the Middle Kingdom, isolated and self-sufficient. Mr. Deng opened China up, made it part of the international community. The country's plans rely on foreign investment and expertise, and hence on foreign confidence.

The opening to the world also had profound effects on the Chinese people. They began to see foreign visitors in large numbers for the first time since the 1949 revolution, and Chinese from Hong Kong and overseas. On radio and television they were exposed to a variety of ideas, including the idea of democracy. It is evident now that modern communications, the instantaneous awareness of what is happening around the world, work to spread the idea of democracy.

People in China or the Soviet Union or elsewhere may not agree on exactly how to define it, but they know they want more control of their own lives. That is why Chinese demonstrators had a model of the Statue of Liberty.

The economic changes begun by Mr. Deng were a liberating force. When peasants were allowed to make their own decisions on what to grow, when city dwellers found the goods of a modern society on sale at free markets, the idea of political choice quite naturally followed. But Mr. Deng's liberal views in economics did not extend to politics. He kept a tight lid on expression, cracking down on dissent in the press and on campuses.

Political rigidity was accompanied by corruption: a dangerous combination in any society. Peasants had to sell a portion of their crops to the government at low prices. They were supposed to be able to buy fertilizer and fuel at fixed prices, too, but they found that local officials were selling those supplies on the free market.

The children of high party figures got privileges — a subject of bitter complaint in the demonstrations.

In recent years, in addition to those reasons for political unease, there has come an inflation severe enough to be destabilizing. Farmers turning in their crops have received not money but "white slips" — promises to pay at some unspecified future time.

Those were some of the elements working for discontent in China when the protests started last month. But it still took enormous courage for the students to challenge authority so boldly, to walk through lines of police and soldiers as they first did in Beijing on April 27. "The students are speaking for me," a distinguished Chinese visitor here said the other day. "They are saying what has been inside my head for years but I have not had the courage to express."

The government could probably have ended the protests early on by making modest reforms. But it temporized for weeks and then rejected any concessions. That strategy only toughened the demonstrators' demands. More and more called on Deng Xiaoping to go. A banner hung from the Chinese Academy of Social Sciences last week said "Dump the Politburo."

The result is that the protests have become a frontal political confrontation. People on both sides worry about chaos — a deep concern after the turbulence of the Cultural Revolution. Now the government threatens to end the protests by force.

Whether troops will carry out such orders is uncertain. If they do — if totalitarian order is restored — it will be a dubious victory. The legitimacy of the government will henceforth be in question, in the world and in China.

The New York Times.

100, 75 AND 50 YEARS AGO

1889: Still Before Storm?

The *Herald* says in an editorial: "Who can account for this deadly dullness that has settled down so suddenly and so heavily over all Europe? Is it real or only apparent? That the strife of parties, the shock of contending forces, must be renewed again, with all the greater vehemence because it has been temporarily suspended, it needs no prophet to inform us. The volcano is not extinct. But meanwhile a child may play around its crater. There is no sign of the hidden fires below. There is peace for the moment but it has not "come to stay." The world looks on distrustfully, knowing well that the conditions which exist can be improved only in one way — by many of them being changed altogether."

1914: Women Want Vote

LONDON — Violent scenes were witnessed in the neighborhood of Buckingham Palace yesterday afternoon [May 21], in consequence of an attempt by Suffragettes to present a petition to the King. One thousand five hundred police were on duty in the vicinity of the Royal residence, and they prevented the "wild women" from approaching, but several exciting battles took place, in which batons were freely used on both sides.

1939: Reich-Italy Pact

BERLIN — A seven point military alliance, binding Germany and Italy to fight as one nation in any future war, will be signed here tomorrow [May 22] in the presence of Chancellor Adolf Hitler. After eleven o'clock in the morning, when the two Foreign Ministers, Count Galeazzo Ciano and Joachim von Ribbentrop, put their signatures to the pact, either Chancellor Hitler, as the Führer of the German people, or Premier Mussolini, as the Duce of the Italian people, will be able to lead the two peoples into war. The pact forbids a separate peace.

The World Is Watching Beijing

By Anthony Lewis

BOSTON — History happens before our eyes: That is the awed feeling as we watched scenes in Tiananmen Square ... the Chinese government on television links.

Here was a giant society ... against a regime that was ... amazingly vulnerable. How ... happen? Why did people by ... tions break their constraints ... once demands for change?

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... regularly was accompanied ... dangerous ... Peasants ... of state crops to the ... prices. They ... to the cities to buy ... prices too, but there ... officials were selling ... the free market.

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... were some of the ... discontent in China ... started last month. ... numerous courses in ... to challenge authority ... walk through lines of ... soldiers as they first did in ... The students are ... a distinguished ... here said the other day, ... saying what has been ... years but I have not ... to express.

... government would ... the protests only ... modest reforms. But it ... weeks and then repress ... That strategy ... demonstrators ... and more called on Deng's ... A former long-time ... Academy of Social Sciences ... Dump the Police ... that the protest ... a formal political ... both sides were ... concern ... of the Cultural Revolution ... government threatened ... force.

... troops will carry out ... government. If they do ... received—f ... vision. The legitimate ... will prevail ... world and in C ... New York Times

50 YEARS AGO

... 39: Reich-Italy Pact

... LIN — A close and ... that binding Germany and ... the future in an ... the signing here last ... the presence of the ... Adolf Hitler. After ... the covenant, ... Count Galeazzo Ciano ... Joachim ... the pact bear their signatures ... Chancellor Hitler ... the German people ... Mussolini, as the ... Italian people, will be ... the two peoples unite ... a separate treaty ...

Link Seen To Jet Bombing

5 Held in Sweden May Help Inquiry

Reuters

STOCKHOLM — The arrests of five Arabs suspected of guerrilla attacks appears to be part of an international police effort to find the group that blew up a Pan American World Airways jet over Scotland last December, officials close to the investigation said.

Swedish courts on Saturday remanded five men suspected of a series of bomb attacks and planned attacks that took place in 1985 and 1986. The police said that the men were linked to the Popular Front for the Liberation of Palestine-General Command.

The Central Intelligence Agency has said that the group planted the bomb that blew up the Pan Am jet, killing 270 persons.

The men were remanded with probable cause because they were suspected of bombing the Copenhagen and Stockholm offices of Northwest Airlines in 1985 and 1986.

The men also are suspected of planning to bomb the offices of El Al Israel Airlines in Copenhagen and Amsterdam. The lawyers of the suspects denied the charges.

Three of the men are also suspected of robbing a Stockholm post office earlier this month.

An official said that one of the suspects was spotted in November at an apartment raided by West German police.

The apartment belonged to Hadj Dalkamouni, who is said to be the security and foreign section chief of the Syrian-sponsored Popular Front for the Liberation of Palestine-General Command.

The West German police found arms, explosives and a bomb, including 5 kilograms (12 pounds) of the explosive Semtex — the type used in the Pan Am bombing — at the apartment. The police also found three radio-cassette players similar to the one used to blow up the Pan Am jet.

Swedish police have been concerned that Sweden was serving as a refuge for Middle Eastern guerrillas since last summer. The police discovered that a top official in the Palestinian Abu Nidal group was living in Sweden for several years.

The man, Khadar Samir Mohamed, is wanted in several countries on suspicion of masterminding and leading an attack on the Greek ship City of Poros in July 1988.

Israelis Arrest 200 in Gaza

Reuters

JERUSALEM — The Israeli Army said Sunday that it had arrested about 200 members of the Islamic Resistance Movement in the Gaza Strip and accused its spiritual leader of ordering the killing of Arabs suspected of helping Israel.

The leader, Sheikh Ahmed Yassin, 51, confined to a wheelchair, was detained by troops on Friday. The army said it had proof he was involved in military operations by the Islamic Resistance Movement, known by its Arab acronym Hamas.

Other movement activists arrested during a blanket curfew in the Gaza Strip on the weekend included Mahmoud Zahar.

The roundup of activists was the largest mass arrest operation in the occupied territories since the Palestinian uprising against Israeli rule erupted in December 1987.

Hamas has been at the forefront of the uprising in the Gaza Strip, often issuing directives differing from those of the Unified Command, the leadership of the uprising backed by the Palestine Liberation Organization.

Israeli military censors had banned publication of news of the arrests since Friday.

Meanwhile, Jewish settlers said that they were taking seriously a call by the Unified Command for retaliatory killings of Israeli settlers or soldiers.

The army refused to comment on leaflets distributed Saturday by the Unified Command. The leaflets rejected Prime Minister Yitzhak Shamir's plan for elections in the occupied territories and called for the retaliatory killings, an escalation of the revolt in which more than 490 Arabs and 20 Israelis have been killed.

The leaflets, the 40th in a series signed by the Unified Command, urged Palestinians to kill a soldier or a settler for every Arab killed in clashes with Israelis, starting Monday.

An official representing many of the 70,000 settlers in the occupied territories, Dov Kenaan, said the threat could not be dismissed.

He said the Arabs had proved that the *intifada*, as the uprising is known, "is serious business, not a kids' game."

"People are wounded and killed, both on our side and on theirs and it's certainly very serious," Mr. Kenaan said.

Gilda Radner, 42, Dies; TV Comedienne in U.S.

By Dennis Hevesi
New York Times Service

Gilda Radner, the Emmy Award-winning comedienne who created the nasal-voiced broadcaster Roseanne Roseannadanna, the nerdy teen-ager Lisa Loopner and the bumbling complainer Emily Litella for the television show "Saturday Night Live," died of cancer Saturday at a hospital in Los Angeles. She was 42.

"There's a preciseness to her parody," the critic Molly Haskell once wrote of Miss Radner. "Like Dickens, she's added people to the world who bear her stamp."

As a guest editorialist on "Saturday Night Live's" parody of the weekend news, Miss Radner would rail against broadcasters for paying too much attention to "endangered feces." Only when it was made clear to her that the subject was endangered species would she back off, mewling, "Never mind." Other pet topics included a preoccupation with televised violins and concern for Soviet jewelry.

Miss Radner coined the scatterbrained, adenoidal Roseannadanna catchphrase, "It's always something," which became the title of a book she wrote detailing her fight with ovarian cancer.

Miss Radner, who won an Emmy as the outstanding actress in a variety series, was reared in a theater-oriented family in Detroit. She majored in drama at the University of Michigan and started her career in Canada, where she landed a role in the Toronto production of "Godspell" and later with the comedy revue "Second City."

In 1974 she went to New York to do "The National Lampoon Radio Hour" and "The National Lampoon Show." Soon Lorne Michaels, the creator of "Saturday Night Live," began putting together the show. He had seen some of Miss Radner's work; she was the first permanent cast member he signed.

After "Saturday Night Live" she appeared in several films, including "First Family" and "The Woman in Red," a 1984 hit written and directed by her co-star and future husband, Gene Wilder.

■ *Other Deaths*

Robert Webber, 64, a longtime film and television actor, of amyotrophic lateral sclerosis (Lou Gehrig's disease), Wednesday, in Malibu, California.

Daniel Smiley, 82, an ecologist and one of the principal owners of Mohonk Mountain House, a national historic landmark in New Paltz, New York, of cancer, Friday in Kingston, New York.

Michael Dyne, 70, a playwright and TV dramatist whose "The Right Honorable Gentleman" ran for three years in London and 118 performances on Broadway, of colon and liver cancer, Wednesday in Linlithgo, New York.

Lydia Pasternak Slater, 87, a poet who translated some of the works of her brother Boris Pasternak, the Russian Nobel laureate in literature, in Oxford, England, on May 4 after a long illness.

George (Specs) Toporcer, 90, the first major-league baseball player other than a pitcher to wear eyeglasses on the field, after a fall at home Wednesday, in Huntington Station, New York.

Donald Hiss, 82, who with his brother Alger was accused of being part of an espionage ring in the 1940s, of lung cancer, Thursday in St. Michaels, Maryland.

AP/1981

Warren G. Magnuson

W.G. Magnuson, 84, Dies; He Was 6-Term Senator

New York Times Service

Warren G. Magnuson, 84, who represented the state of Washington for 44 years on Capitol Hill and became one of the Senate's most powerful members, died of congestive heart failure Saturday at his home in Seattle.

Mr. Magnuson, a Democrat, served more than four decades in Congress, including four terms in the House of Representatives before he was appointed to fill a vacancy in the Senate in 1944. He won the first of his six full terms in the 1944 election.

As chairman of the Appropriations Committee, Mr. Magnuson played a major role in providing billions of dollars for research to the National Institutes of Health in Bethesda, Maryland, and the sprawling Health Sciences Center at the University of Washington in Seattle, his alma mater. He was also responsible, at least in part, for congressional action in lowering the voting age to 18.

Cooking Oil Poisonings Not Murder, Court Says

By Alan Riding
New York Times Service

MADRID — Amid angry protests from a crowded courtroom, three Spanish judges have dismissed murder charges against distributors of an adulterated cooking oil that has caused almost 700 deaths here since 1981.

The judges were forced to suspend the final session of the longest trial in Spanish history after an uproar followed their announcement Saturday that none of the 37 accused had intended to provoke death or injuries and that only two would serve lengthy prison terms.

Outside the courthouse, relatives of victims and some of the 25,000 people who survived the poisoning with permanent injuries continued their protests, shouting, "We want justice." Policemen attempting to restore order fired tear gas into the crowd.

Prosecutors had asked for sentences of more than 60,000 years for eight of the accused, although Spanish law limits prison terms to 30 years.

Instead, the judges sentenced one man to 20 years, another to 12 years and several others to suspended sentences of between 6 months and 10 years, while 24 were acquitted.

The court ruled that rapeseed oil adulterated with aniline, a coal tar extract, was to blame for the poisoning. It dismissed assertions by the defense that the true cause was either tomatoes laced with pesticides or an accident involving biological weapons at a U.S. air base at Torrejón, near Madrid.

The judges also ordered payment of compensation of the equivalent of $125,000 to relatives of each person who died of poisoning and sums ranging from $1,250 to $750,000 to survivors, depending on the severity of their permanent injuries.

What became known here as the "toxic syndrome" was first noticed after the death of an eight-year-old boy on May 1, 1981, although dozens more people died and hundreds were hospitalized before the government announced five weeks later that cooking oil was responsible.

As the death toll continued to climb, victims displayed similar symptoms of lung and neurological disorders, while many survivors suffered muscular atrophy, bone deformations, premature aging and paralysis.

So far, around 60 percent of the dead have been women.

Proposals to Overhaul Japan Party Are Deliberately Vague, Critics Say

By David E. Sanger
New York Times Service

TOKYO — Faced with the possibility that they could lose control of Japan's political system for the first time in three decades, leaders of Japan's governing party have embraced measures that would require politicians to disclose their financial assets and would abolish intraparty factions.

But the recommendations have already come under attack as insufficient and deliberately unenforceable. Critics have called them an effort to cover the causes of the influence-peddling scandal that has brought about the resignation of Prime Minister Noboru Takeshita and threatens the party's ability to retain a majority in the Diet, Japan's parliament.

The scandal revolves around Recruit Co., an information-services conglomerate that sought influence by giving gifts, stock and cash to Japanese leaders.

For the first time, members of the ruling Liberal Democratic Party talked openly last week of the possibility of defeat in parliamentary elections that begin this summer. The prospects for the party will worsen, some younger Diet members said, if it continues to flounder in the search for a leader with a clean record and sufficient political clout to succeed Mr. Takeshita.

Meanwhile, after weeks of maneuvering to avoid further damage, party leaders reluctantly decided to call Yasuhiro Nakasone, Japan's previous prime minister, to testify under oath next Thursday about his role in the Recruit scandal.

The testimony will come only minutes after Japan's justice minister reports on the findings of prosecutors, prompting speculation that Mr. Nakasone now believes that prosecutors do not have enough evidence to press criminal charges against him.

The Asahi Shimbun, one of Japan's largest newspapers, reported that Mr. Nakasone would retire from his public posts soon after testifying. But late Saturday his office denied the report.

In an allusion to an Japanese proverb about adversity, Mr. Nakasone said over the weekend that "I am intending to take the responsibility as a Diet member by enduring the snow and winds."

The proposals for party changes were contained in a report submitted on Friday by a committee headed by Masahiru Gotoda, one of the party's most powerful elder leaders and a candidate for Mr. Takeshita's job.

"Now is the time to show the public the consciousness and responsibility of politicians, even if we have to bleed a little," the report said. It criticized the party for becoming "remote" from the public and prone to scandals.

But the proposals appeared to be the barest minimum response. Companies would be required to make public disclosures of donations to politicians that exceed $4,300 a year, down from the current $7,200. They would also be barred from spending more than about $11,000 on tickets for any single political fund-raising party. It was the disclosure that Recruit had secretly paid a huge sum for tickets to a party for Mr. Takeshita that ultimately led to his downfall.

The requirement that all cabinet members disclose their holdings is perhaps the most radical change. But it does not extend to family members or political secretaries.

The proposed measures do not include any penalties for violations, and the Yomiuri Shimbun, a leading newspaper, called the plan "lacking in content."

■ **New Opposition Leader**

Japan's second-largest opposition party elected a chairman Sunday to succeed the party leader, who resigned in the Recruit affair, The Associated Press reported. Koshiro Ishida, 58, previously one of the Komeito Party vice chairmen, was elected to succeed Junya Yano.

FINANCIAL INDEPENDENCE

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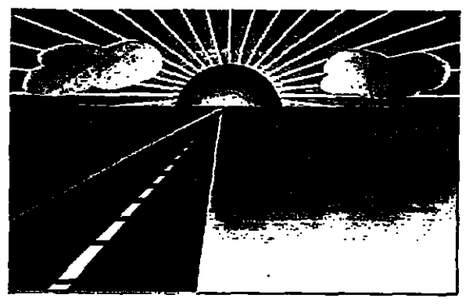

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Please send your detailed curriculum vitae no later then May 31, 1989 to Personnel (MPR), World Health Organization, CH-1211 Geneva 27, quoting MPR/TSY and the name of this journal. Applications from women are encouraged. Only candidates under serious considerations will be contacted.

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3 Hold and internationally recognized interpreter's certificate (or, in lieu thereof, an additional four years' experience as a conference interpreter). A university degree relevant to the position is desirable.

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Employment Section/MCP-2
Inter-American Development Bank
Washington, D.C. 20577.

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•

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Australian Consulate General
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EMPLOYMENT

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THE INTERNATIONAL MANAGER
A WEEKLY GUIDE BY SHERRY BUCHANAN
WEDNESDAY IN THE IHT

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EUROBONDS

Bond Dealers' Association Evolves Into an Exchange

By CARL GEWIRTZ
International Herald Tribune

VIENNA — If ever there was a case of the tail wagging the dog, it was the transformation of the Association of International Bond Dealers from a rules-making social club into a regulatory body. Only a quarter of the AIBD's members are located in London, but in helping its members to comply with British rules on reporting financial transactions, the group is fast taking on the aspects of a full-fledged exchange.

The British last year designated the AIBD as an investment exchange, and at its 21st annual meeting, held here last week, the association took another major step toward its new identity by upgrading its Zurich-based secretariat to executive status to manage the organization.

> **By helping members comply with British reporting rules, the group has expanded its role.**

Hans-Peter Frick, a Swiss lawyer who has been deputy secretary general of the AIBD since 1987, was appointed the chief executive. John Walters, an Australian who has run what up to now was an administrative secretariat since it was established in 1976, is retiring.

Mr. Frick will report to the unpaid elected board, made up of market professionals, which now will focus on strategic issues — most notably the expected moves by the rest of Europe to match the regulations now in force in Britain.

The association's new structure, Mr. Frick told the annual meeting, "will allow the AIBD to maintain its independence as a member's organization, to fulfill its present and future role as an exchange, and also allow the international securities market to remain a truly international market, free from outside local or supranational interference."

The annual meeting also approved an increase of 1,000 Swiss francs ($569.15) in annual membership fee, to 6,000 francs. That proposal had been rejected last year when it got caught up in the non-British members' hostility to the unrelated issue of establishing Trax, the computerized trade reporting system.

Trax is still unpopular outside Britain, but members are now satisfied that the dues increase is not aimed to pay for the trade reporting system, which is a separate item that will be self-financing within three years.

NONETHELESS, TRAX PROMISES to be both a continuing source of controversy within the membership and an instrument for widening the role played by the AIBD. Controversy seems inevitable. As of last April, all British members of the association and all non-British reporting dealers were to have been hooked up to the system.

About 10 percent of the British members, however, still are not connected. John L. Langton, the board member overseeing the development of Trax, warned the AIBD would "reluctantly be forced to wear its regulator's hat and impose financial penalties" if the foot-dragging turns into blatant avoidance.

In addition, Mr. Langton said the AIBD "fully intends to extend the scope of Trax to the entire membership just as soon as it is deemed practical to do so and once the risk-management benefits of the system are clear to all concerned."

But, he said, "there is no intention to make participation compulsory" for members outside Britain. Two of the two dozen non-British reporting dealers — Deutsche Bank in Frankfurt and Crédit Suisse in Zurich — chose to give up the visibility of the status rather than report to Trax, and the hostility among smaller banks is even stronger.

In an effort to reduce communications costs and enhance the appeal of using Trax, Mr. Langton said the AIBD was examining the possibility of establishing a networking facility to be jointly shared with the rival clearing systems, Euroclear and Cedel.

Meanwhile, in the new-issue market, activity last week was subdued. Although the dollar remained quite strong and yields on U.S. dollar bonds continued to decline, bankers reported only subdued buying of Eurodollar bonds.

The bulk of money moving into the dollar, professionals say, is either invested in the very liquid U.S. Treasury market or, for investors still wary about the durability of declining U.S. interest rates, in short-term instruments, such as commercial paper.

Société Générale of France offered $40 million of one-year notes whose redemption value is linked to the price of gold. The notes carry a coupon of 13¾ percent, but investors risk earning no interest at all if the price of gold, currently $367, rises above $455 an ounce.

If the gold price is below $400, investors will pocket a yield of 13 percent. For the issuer, however, the play on gold was used to finance an interest swap to arrive at low-cost floating-rate dollars said to be more than half a percentage point below the London interbank offered rate.

Much of last week's activity was concentrated in European currency units, where issuers were able to arrive at low-cost floating-rate dollars. But the volume of issues far exceeded the current appetite of investors, and bankers said the market was glutted with unsold paper.

Currency Rates

Cross Rates

May 19

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.218	3.5925	1.1272	0.3329	0.1547 *	—	5.383 *	1.263	1.5987 *
Brussels(a)	41.21	66.715	20.9325	6.1825	2.872 *	18.5725	—	23.461	0.2971
Frankfurt	1.969	3.186	—	0.2954	0.1372 *	0.8872	4.777 *	1.1211	1.419 *
London (b)	1.6185	—	3.1878	10.7963	2,322.00	3.5938	66.74	2.8458	224.65
Milan	1,434.30	2,324.50	729.20	215.34	—	647.04	34.838	816.55	10.342
New York(c)	—	1.613 b	1.977	6.694	1,440.50	2.2275	41.36	1.764	138.15
Paris	6.6625	10.794	3.3862	—	0.4645 *	3.004	0.1618	3.793	4.8055 *
Tokyo	138.55	224.88	70.47	20.85	0.97	62.56	3.3752	78.97	—
Zurich	1.757	2.843	0.8924	0.2638	0.1226 *	0.7923	4.2648 *	—	1.2665 *
1 ECU	1.0578	0.6532	2.0819	7.0496	1,517.23	2.3468	43.5807	1.8575	146.736
1 SDR	1.2578	0.7775	2.4767	8.3803	1,812.87	2.79	51.8352	2.2088	174.209

Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates.
*a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	115.00	Fin. markka	4.375	Mex. peso*	2424.00	S. Afr. rand	2.7075
Austral. $	1.3175	Greek drac.	164.90	N. Zealand $	1.67	Soviet ruble*	0.6387
Austr. schil.	13.83	Hong Kong $	7.779	Nig. naira*	5.2995	Span. peseta	122.80
Brazil cruz.	1.11	Indian rupee	16.04	Norw. krone	7.1005	Swed. krona	6.642
Canadian $	1.1905	Indo. rupiah	1755.00	Phil. peso	20.60	Taiwan $	25.55
Chinese yuan*	3.7221	Irish £	0.7358	Port. escudo	162.10	Thai baht*	25.68
Danish krone	7.663	Israeli shek.	1.825	Saudi riyal*	3.748	Turkish lira	2033.00
Egypt. pound	2.5731	Kuwaiti dinar*	0.2929	Sing. $	1.966	UAE dirham*	3.67
		Malay. ring.*	2.6895	S. Kor. won	664.20	Venez. boliv.	37.68

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6167	1.6124	1.6083	Canadian dollar	1.1932	1.1956	1.1977
Japanese yen	138.12	137.59	137.07	Swiss franc	1.7522	1.7490	1.7461
Deutsche mark	1.9609	1.9565	1.9525				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	May 19	May 12	Ch'ge
DJ Indus.	2,501.10	[illegible]439.70	+ 2.52 %
DJ Util.	200.51	[illegible]96.01	+ 2.30 %
DJ Trans.	1,156.37	1,[illegible]3.73	+ 2.00 %
S & P 100	301.04	29[illegible].41	+ 2.60 %
S & P 500	321.24	31[illegible]4	+ 2.36 %
S & P Ind	368.76	360[illegible]	+ 2.18 %
NYSE Cp	178.92	175.[illegible]	+ 2.16 %
Britain			
FTSE 100	2,204.70	2,135.70	+ 3.23 %
FT 30	1,837.50	1,779.10	+ 3.28 %
Japan			
Nikkei 225	34,001.96	33,866.33	[illegible]0.40 %
West Germany			
Commerzbk	1,687.00	1,684.70	+ [illegible]4 %
Hong Kong			
Hong Seng	3,145.63	3,278.43	— [illegible] %
World			
MSCIP	506.90	512.10	— 1.0[illegible]%

World Index From Morgan Stanley Capital Int.

Money Rates

United States	May 19	May 12
Discount rate	7.00	7.00
Federal funds rate	9⅝	9 9/16
Prime rate	11½	11½
Japan		
Discount	2½	2½
Call money	4 7/32	4⅛
3-month interbank	4 31/32	4 27/32
West Germany		
Lombard	6½	6½
Call money	6¼	6.15
3-month interbank	7.10	6.80
Britain		
Bank base rate	13.00	13.00
Call money	12.00	12⅝
3-month interbank	12⅞	12⅞

Gold	May 19	May 12	Ch'ge
London p.m. fix.$	365.50	377.30	— 3.13 %

Gray-Market Deals Flourish in Taiwan

By Coleen Geraghty
International Herald Tribune

TAIPEI — When the financial markets officially close each day in Taipei, the real trading begins. Millions of dollars change hands each night, traded by brokers and investors whose activities are advertized by the lights that blaze from office windows well past midnight.

This is part of Taiwan's underground economy, a vast sea of cash thought to equal about 30 percent of the country's official gross national product of $120 billion.

The gray market supports illegal investment houses, bookmakers, futures brokers and gold dealers. It has had profound effects, directly and indirectly, on the lives of many middle-class residents and is fueling a speculative frenzy that is adding to inflation worries.

Although futures trading is illegal in Taiwan, each night, several hundred futures brokerages trade on the world's largest futures exchange in Chicago. They take market risks betting on commodities ranging from pork bellies to oil in hopes of attaining potentially huge profits.

The government is well aware of the gray market. Newspapers document its modus operandi. A few months ago, underground futures brokers met openly with representatives of the securities industry to discuss the establishment of a Futures Brokerages Association.

"In this boom town, those who abide by the letter of the law are left scratching the surface for a few gold nuggets while unlicenced prospectors are busy digging rich gold mines under the ground," David Tran, president of BT Yuen Foong Securities, said at a recent international business seminar.

Mr. Tran said a version of the "one country, two systems" philosophy espoused by mainland China governs Taiwan's financial markets. Taiwan's central bank guards "the front gate," or the legal network, while "the back door" is wide open to those who will risk illegal entry. Many people do.

The activity flourishes in part because it has enticed millions of ordinary citizens frustrated by the paucity of legal investment opportunities in Taiwan. Double-digit economic growth increased per capita gross national product by

See TAIWAN, Page 13

Colony's Bourse Is Jittery

Hong Kong Fears Events in China

Compiled by Our Staff From Dispatches

HONG KONG — Nervousness over China's increasingly hardline stance on pro-democracy protests is expected to weigh down the Hong Kong stock market this week, brokers said over the weekend.

The imposition of martial law in Beijing would exacerbate already shaky sentiment on the local bourse, they said, where the Hang Seng Index, a leading barometer of business confidence, plunged 4.3 percent on Friday. The index sank 132.03 points that day, ending the week at 3,145.63.

"You can honestly say to clients that now is a good time to batten down your hatches," said an analyst at a British securities house. "I would not advise clients to be coming in as prices get lower. That's not investing, that's gambling."

"No matter what happens over the weekend, when the local markets open on Monday, China will never be the same as it was when the market closed on Friday," said Howard Gorges, director of South China Securities.

Friday's sell-off, the worst since the October 1987 plunge in global equities, was sparked by a collapse in talks between the Chinese government and student protesters. Volume was a heavy 2.47 billion Hong Kong dollars ($317.5 million). Last Monday, the Hang Seng hit a post-collapse high of 3,309.64.

Confidence in Hong Kong is

See JITTERS, Page 13

The new supercomputer developed by Cray Research, which is breaking up, is the Y-MP.

Cray Reaches a Crossroads

Supercomputer Industry Awaits Results of Breakup

By John Markoff
New York Times Service

CHIPPEWA FALLS, Wisconsin — For the third time in his career, Seymour R. Cray is starting over. In breaking away last week from Cray Research Inc., the supercomputer company he founded 17 years ago, the brilliant and reclusive computer designer once again is fleeing a company that outgrew his need for a simple, unfettered environment.

Bankrolled by Cray Research, the father of supercomputers will now head his own high-tech "boutique," Cray Computer Corp., based in Colorado Springs, Colorado, where he has already set up operations based on the new Cray-3 line. Cray Research will focus on its current products.

The betting is that the 63-year-old engineer, who has succeeded in building the world's fastest computer three times, will succeed this time, too.

But what of the company he is leaving behind? And does the extraordinary breakup of what is viewed as one of America's high-tech jewels help or harm the U.S. supercomputer industry?

For Cray Research, it would seem that the departure of Mr. Cray could not have come at a worse time.

For years, Cray Research has been the leading producer of the futuristic machines that have become the world standard of technological prowess. Supercomputers excel at mathematical problems that require repetitive calculations.

Not only are these supercomputers essential for basic scientific research and for designing advanced military hardware, they have also become vital competitive weapons in more than a dozen industries.

Pharmaceutical companies use them to develop new drugs, for example, and they are essential for designing efficient aircraft.

But revenues are down this year at Cray Research, as major supercomputer users such as auto-

See CRAY, Page 11

Holly Farms Accepts Raised ConAgra Bid

The Associated Press

MEMPHIS, Tennessee — Holly Farms Corp., seeking to resolve a six-month-long tug-of-war between ConAgra Inc. and Tyson Foods Inc., announced Sunday it had accepted a sweetened $1.38 billion takeover bid from ConAgra that replaces an earlier deal rejected by Holly Farms shareholders.

Under the terms of the deal, ConAgra would acquire the Memphis-based poultry processor in a stock swap for $74.81 a share. The bid, worth a total of $1.38 billion at the current stock price, is significantly higher than both the $1.1 billion ConAgra offer turned down at a Holly Farms shareholders meeting last month and a $63.50-a-share, or $1.15 billion, Tyson offer.

Under the new agreement, each of Holly Farms' 18.4 million outstanding shares would be exchanged for 2.1 ConAgra shares.

Conagra stock closed at $35.625 a share in New York Stock Exchange composite trading Friday, meaning Holly Farms shareholders would receive stock worth $74.81 per share.

Holly Farms closed at $62.625on the NYSE on Friday.

Despite the new agreement, Tyson, which first offered to buy Holly Farms in October, said it was not giving up.

"We're not through trying to compete for the company," James Blair, Tyson's general counsel, said Sunday.

Mr. Blair said Tyson would consider its options and see how investors reacted to the new agreement. He also noted that litigation connected with the takeover battle continues in courts in Delaware, and said Tyson would await the outcome of the lawsuits before deciding what it would do.

Holly Farms management has consistently shunned Tyson's bids, although they have been higher than previous ConAgra proposals.

After the initial deal with Omaha, Nebraska-based ConAgra was rejected April 14, Holly Farms reopened bidding. Tyson has charged the auction process was unfair, and Mr. Blair said Sunday that his company was trying to "find a way that we could compete on a level playing field and compete fairly."

A Delaware Chancery Court judge last week agreed that the bidding procedures were unfair to the Springdale, Arkansas-based Tyson, but said there were no legal grounds to halt the auction.

Bond to Reduce Stake In Bell to About 40%

Reuters

SYDNEY — Alan Bond, the Australian businessman, said Sunday that his Bond Corp. Holdings Ltd. would cut its stake in Bell Resources Ltd. to around 40 percent from 58 percent.

Mr. Bond said in a television interview that Bond Corp., in an effort to reduce debt, would cut its interest in Bell when the proposed 3.5 billion Australian dollar ($2.7 billion) sale of Bond's worldwide brewing assets to Bell was completed.

Mr. Bond said stake in Bell would be cut to "something around about 40 percent or a little above." Bell would then cease to be a Bond Corp. subsidiary and would have four independent directors, he said.

"I think that Bond Corp. entrepreneurial company can then have a look at itself and see whether it requires further rationalization," Mr. Bond said.

Bankers and investors have been pressuring Mr. Bond to cut his company's debt load this year after his failed run at Lonrho PLC. Bond Corp.'s stock had lost nearly half its value this year, though it strengthened Friday in response to the planned brewery sale.

Despite continued market speculation, Mr. Bond said his 53 percent-owned Bond Media Ltd. was not for sale and was looking to expand its businesses in Australia and overseas.

"We are looking at whether we will get further into newspapers in this country and in other countries," Mr. Bond said. "We have got interests in suburban newspapers, a daily newspaper, other publishing activities and we're looking at publishing possibilities in London and in Europe," he said.

Bond's ownership of television and radio stations is currently the subject of an Australian Broadcasting Tribunal hearing to determine whether he and his associate companies are fit and proper persons to hold the licences.

EC Ministers Dump Plan for Investment Tax

Compiled by Our Staff From Dispatches

S'AGARO, Spain — Finance ministers of the European Community have abandoned plans to introduce a withholding tax on investment income aimed at preventing tax evasion once exchange controls are scrapped in the community, officials said Sunday.

The ministers, meeting at this seaside resort over the weekend, did agree Saturday on tentative first steps towards monetary union, although Britain made clear it would oppose ambitious plans for a common currency.

The ministers also moved forward with a major project to harmonize indirect taxation. The spur for the progress was a deep revision of an initial proposal on value-added taxes, which currently vary widely among EC members. The EC commissioner for taxation, Christiane Scrivener, presented a modified plan under which Britain and Ireland would be allowed to retain their zero VAT rating for a number of so-called "social items."

Under the new proposal, a 20 percent upper limit on VAT would also be abolished, leaving governments to set — under pressure from market forces — the maximum level they desire. Excise duties, as VAT, would be set in tax bands or at minimum rates, she said.

During the weekend, it became clear that the withholding tax proposal on investment income would never receive the necessary unanimous approval from member states. Thus, the tax is essentially dead, said Chancellor of the Exchequer Nigel Lawson of Britain.

The original plan was drawn up by the commission on the insistance of France at the time when the free movement of capital among EC members was agreed upon in June last year. France and other member states with relatively high levels of taxation of investment income fear that their residents will evade taxation on interest payments by moving their investments to tax havens such as Luxembourg.

Leading the proposals to replace the doomed scheme is a draft law to enhance cooperation between national tax authorities, ministers said.

But the European Commission is also exploring possible negotiations with its trading partners, including the United States and Japan, with a view to forging an international tax on capital, an EC official said.

The 15 percent tax, proposed last February by Ms. Scrivener, would have been deducted at source against income from bonds and savings accounts. She had said it was essential if the community wanted to prevent tax fraud and stem a rush of money from countries where the tax is enforced, such as France and the Netherlands, when the community starts scrapping its final controls on capital movements from July 1, 1990.

It also became clear over the weekend that a plan on economic and monetary drawn up under the guidance of Jacques Delors, president of the European Community, will in coming months expose deep splits on economic and political policy within the community.

"There are some elements of agreement which it would be useful to allow to emerge, but above all elements of discord prevail," said Treasury Minister Giuliano Amato of Italy.

Mr. Lawson indicated London had not softened its opposition to later stages of proposals for monetary union.

By agreeing to go along with stage one, Britain appeared keen to support closer coordination of economic policy. *(Reuters, AFP, AP)*

Thatcher Takes Policy Blame

Reuters

LONDON — Last year's easing in British monetary policy, which contributed to the resurgence of inflation in Britain, was a collective decision in which Prime Minister Margaret Thatcher shared responsibility, a government spokesman said Sunday.

In an interview Friday, Mrs. Thatcher linked the pickup in inflation and attempts to keep the pound below 3 Deutsche marks. This was widely seen as criticism of Chancellor of the Exchequer Nigel Lawson, who had advocated pegging the pound to the mark.

But the spokesman said this was a misinterpretation. "This was a government policy for which she also took responsibility," he said. The prime minister telephoned Mr. Lawson in Spain to assure him she was not blaming him in anyway for inflation, he said.

This announcement appears as a matter of record only
December 1988

SHELL GABON S.A.

US $ 330,000,000

Project financing for development of the Rabi-Kounga Oil Field

Senior Loans

US $ 110,000,000
by way of sub-participation in a Loan provided by
International Finance Corporation

Lead Managers
Banque Nationale de Paris — Barclays Bank PLC — The First National Bank of Chicago

Managers
Crédit Lyonnais — Österreichische Länderbank A.G. — Amsterdam-Rotterdam Bank N.V. — Bank of America
Banque Indosuez — Deutsche Bank A.G. — Irving Trust — National Westminster Bank PLC
Nederlandsche Middenstandsbank N.V. — The Sumitomo Bank, Limited — Union Bank of Switzerland

Co-Manager
Algemene Bank Nederland N.V.

Participants
Standard Chartered Bank — Banque Française du Commerce Extérieur
Banque Internationale pour l'Afrique Occidentale — Crédit Industriel et Commercial de Paris

US $ 50,000,000
French Export Credit
Banque Nationale de Paris

CFA 15,000,000,000
Local Financing

FF 300,000,000
Caisse Centrale de Coopération Économique

Lead Manager
Banque Internationale pour le Commerce et l'Industrie du Gabon

Co-Lead manager
Banque Gabonaise de Développement

Participants
Banque Internationale pour le Gabon — Citibank NA — Union Gabonaise de Banque — Barclays Bank PLC
Bank of Credit and Commerce International

Subordinated Loans

US $ 50,000,000
International Finance Corporation

US $ 20,000,000
Société Générale

Engineering Banks
Barclays Bank PLC — The First National Bank of Chicago

Arranging Bank
The First National Bank of Chicago

Co-Financing Agent
Banque Nationale de Paris

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30
Prices may vary according to market conditions and other factors.

May 18

Dollar Straights

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
Australasia					
Aust Com Bk	10	93	101⅛	9.64	+122
Australia	11	95	105⅝	9.50	+82
Australia	11½	95	109⅝	9.45	+75
Austria Contrl	12¼	93	92⅞	15.02	13.30
Council Europe	13	93	98	13.66	13.27
Eurofima	13	93	98	13.43	13.27
N S Wales Trsy	11⅜	90	101⅛	10.34	+260
New Zealand	7¼	89	99	10.08	+290
New Zealand	7¾	90	98	9.62	+185
New Zealand	7½	91	95¼	9.88	+180
New Zealand	7⅝	91	95⅞	9.89	+176
New Zealand	9	93	94¼	9.78	+142
New Zealand	9¼	93	95¼	9.77	+145
New Zealand	8½	93	95¼	10.06	+175
New Zealand	10¼	95	101	10.01	+203
New Zealand	8	97	90¼	9.73	+94
Qantas	10⅞	95	103⅝	9.55	+87
Qantas	8⅝	96	95	9.55	+91
Queensland	11⅞	89	100⅛	9.90	+252

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
Canadian Pacif	10¾	93	101½	10.27	+257
Canadian Pacif	7½	96	88	9.97	+123
E D C	12	89	100½	9.98	+270
E D C	10	90	99⅝	10.33	+256
E D C	8¼	91	97½	9.78	+184
E D C	8½	92	96½	9.95	+174
Farm Credit	7½	93	91½	9.92	+148
Farm Credit	7¾	96	90⅞	9.57	+83
Manitoba	11¾	89	100¾	10.17	+286
Manitoba	10½	90	100	10.47	+271
Manitoba	8¼	91	98	10.02	+210
Manitoba	12½	94	111¼	9.68	+108
Manitoba	7½	96	89⅞	9.66	+92
Ontario Hydro	11¼	89	100½	9.86	+246
Ontario Hydro	10¼	90	100¼	9.95	+220
Ontario Hydro	11¼	90	102¼	9.78	+194
Ontario Hydro	13½	91	105¼	10.00	+207
Ontario Hydro	12¾	92	107¾	9.89	+162
Ontario Hydro	15	92	113	10.00	+176
Ontario Hydro	11⅛	94	107⅜	9.57	+110
Petro-Canada	7¼	96	88⅝	9.56	+82
Prov Alberta	7⅜	91	95.050	9.63	+149
R B C	8⅝	93	94⅞	10.09	+174
Saskatchew	11⅞	89	100⅛	10.02	+271
Saskatchew	10¼	90	100½	9.87	+231

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
C N C A	13¼	91	105	10.37	+236
C N C A	11½	92	104¼	9.69	+149
C N C A	7½	94	91¾	9.74	+126
C N C A	7½	96	89.050	9.73	+99
C N E	11¾	95	109⅛	9.57	+91
C N T	7	91	93⅞	9.77	+163
C N T	13¾	91	105⅞	10.42	+240
C N T	8½	93	95¾	9.89	+159
Cr Foncier Ew	10⅞	91	101⅞	9.74	+174
Cr Foncier Ew	12½	92	107⅜	9.66	+142
Cr Foncier	7½	94	92½	9.57	+110
Cr Lyon F/P	7¾	93	93	9.83	+144
Cr Lyonnais	9	91	98⅞	9.86	+192
Cr Lyonn	8¾	92	96½	10.14	+191
Cred National	8¼	93	95⅝	9.56	+123
Credit Nat	7¼	91	94⅜	9.81	+166
Credit Natl	7⅝	92	94⅜	9.67	+146
E D F	7¾	93	93½	9.55	+110
E D F	11⅛	93	105⅝	9.34	+101
E D F	10	95	100½	9.88	+184
S N C F	11½	93	106⅛	9.48	+116
S N C F	7¼	94	91⅜	9.54	+106
S N C F	7¾	96	90⅞	9.59	+85

Issuer	Cpn	Mat	Price	Yld Mat	Spd Trsy
Ind Bk Jap	8	93	94⅛	9.76	+139
Ind Bk Jap	7⅝	97	90⅜	9.68	+89
Jap Airl	8⅛	96	91½	9.88	+115
Jap Airl	8⅛	96	91¼	9.80	+102
Jap Dev Bk	8	94	93¾	9.64	+110
Jap Highway	7⅝	96	89¼	9.81	+106
Kobe Steel	7⅝	92	94	10.22	+203
L T C B	11⅞	89	100	n.a.	
L T C B	11	90	100½	10.11	+255
L T C B	8	91	96¼	9.96	+198
L T C B	7¾	93	93⅛	9.89	+154
L T C B	8	93	94⅛	9.86	+152
L T C B	8⅝	93	96½	9.77	+145
L T C B	8	96	91⅞	9.74	+98
L T C B	8	97	90⅞	9.76	+98
Metro of Tokyo	9½	93	100⅛	9.41	+112
Metro Tokyo	8¼	96	93⅛	9.56	+79
Mitsub Ew	12⅝	89	100¼	10.07	+277
Mitsub Finance	11⅜	90	101¼	10.06	+229
Mitsub Fin 2	7⅞	93	92⅝	9.94	+149
Mitsubishi	7¼	92	93⅞	10.00	+183
Mitsui Tst	12⅞	89	100¾	10.18	+290
Mitsui Tst 2	7¾	94	91¼	10.15	+167
N C B	13⅞	89	100¼	10.43	+338
N C B	11	90	100¾	10.08	+234

Yen Straights (continued)

Issuer	Cpn	Mat	Price	Yld Mat	Cur Yld
N I B	4⅞	92	98⅞	5.34	4.93
N I B	7	92	105⅝	5.18	6.62
N I B	5⅝	95	103	5.17	5.58
New Zealand	5½	91	100⅝	5.22	5.47
New Zealand	4¾	95	96⅞	5.38	4.90
Nippon T&T	5¾	93	102½	5.14	5.62
Nippon T&T	5⅞	96	104⅛	5.17	5.64
Norway	5⅝	91	100¼	5.25	5.36
Norway	4¼	92	97½	5.21	4.36
Proct & Gamble	6	91	100⅞	5.46	5.95
Proct & Gamble	5¾	93	101⅛	5.45	5.69
S E K	6	91	101½	5.14	5.91
S N C F	4⅞	93	98⅞	5.34	4.96
Sallie Mae	6⅝	92	103¼	5.27	6.42
Sweden	5⅜	91	100¼	5.25	5.36
Sweden	5½	91	100⅜	5.30	5.48
Sweden	4⅜	92	97⅞	5.22	4.48
Sweden	5¼	94	100⅜	5.17	5.23
Sweden	5⅝	95	102½	5.15	5.49
Sweden	6	96	104½	5.20	5.74
Tokyo Elect P	4⅞	92	99⅝	5.11	4.91
World Bk Oct	5½	92	101	5.16	5.45
World Bk	4⅞	94	98⅝	5.20	4.94
World Bk	6⅝	94	106⅞	5.14	6.20
World Bk	7	94	107⅞	5.14	6.49
World Bk	5⅝	96	104.050	5.06	5.53
World Bk	6½	96	107	5.23	6.07

Issuer	Cpn	Mat	Price	Yld Mat	Cur Yld
World Bk	7⅛	91	101.25	7.08	7.65
World Bk	9¼	91	102.35	7.58	9.04
World Bk	10	91	104.85	7.76	9.54
World Bk	10½	91	107.25	6.79	9.79
World Bk Pp	5⅜	92	95.75	7.09	5.61
World Bk Pp	6⅜	92	99.40	6.61	6.41
World Bk Pp	6⅜	92	99.40	6.57	6.41
World Bk Pp	7¼	92	100.65	6.99	7.20
World Bk	7¾	92	101.65	7.09	7.62
World Bk	8⅛	92	102.65	7.13	7.92
World Bk	8¼	92	103.55	7.05	7.97
World Bk May	8½	92	103.25	7.22	8.23
World Bk	9	92	105.25	7.12	8.55

Listing above does not include floating rate notes or convertibles.
Coupon, price and yield are expressed in percent.
For dollar-denominated issues, Spd/Trsy is differential between yield to maturity of bond and yield on U.S. Treasury's issues with the same maturity, expressed in basis points.
Prices and yields are all on a bid basis.
Pp: private placement.
W/w: with warrants.
X/w: ex warrants.

Wall Street Review

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
RJR pf	209337	22¼	21⅞	22½	+ ⅛
GenEl	152268	54⅛	51¼	53⅝	+2⅝
Avon	138237	41¼	30⅞	32¼	−7½
AT&T	129776	35½	34⅛	35⅝	+1⅜
EKodak	114802	45	42¼	44½	+1¾
IBM	104128	113⅝	110¼	111⅜	+ ⅜
OcciPet	87194	28⅞	26⅞	28⅝	+1⅜
Exxon	86478	44	42½	43⅞	+ ¾
TexUtil	81554	30¾	29½	30⅜	+7¼
CdnPc g	81420	18⅞	18	18⅝	− ⅛
Ressol n	73991	17⅝	16⅞	17⅛	− ⅝
HewlPk	73661	55¾	51	55½	−1⅝
GMotr s	73323	42⅛	39⅝	42⅛	+2¼
UCarb	73023	29½	27	27⅝	−1⅝
Sears	72328	47⅝	45¾	47½	+1⅜
USX	70858	35⅛	34⅛	34⅞	+ ⅜
AmExp	67601	34¼	33⅛	33½	− ½
PrimeC	64230	18⅞	14⅞	15¼	−3½
Baxter	57496	21¼	20	20⅞	+ ⅜
Upjohn	55681	33½	31¾	32½	+ ½
PhilMr	55381	136¾	132¼	135⅞	+3⅞
BlckE s	54989	31½	25	31½	+4⅝
Citicorp	53341	31⅞	29⅝	31⅜	+1⅞
FordM	52451	50⅛	47⅝	50	+2¼
IntPap	52084	51	47⅞	50¼	+1⅞

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
Amdhl s	29930	21¾	19⅞	21¼	+1⅜
DWG	26574	14¼	12¼	13½	+ ⅜
WangB	18788	8⅝	8⅛	8¼	+ ¼
OMI	14618	9⅝	8½	9⅝	+1
BAT	14432	9⅝	9	9⅝	+ ⅛
DataPd	12962	15¼	12⅞	13⅝	−1⅞
EchoBy	12479	13⅝	13	13	− ½
TexAir	11439	13½	11⅞	13¼	+ ¼
NY Tim	11223	30⅝	29⅞	30¼	− ⅛
FruitL	10557	10½	10	10⅛	
Alza	10480	33⅝	29⅞	33¼	+3⅞
Diasonc	9362	3	2⅞	3	+ ⅛
FAusPr	8949	8⅝	8⅛	8½	− ⅛
Lionel	7923	7½	6¾	7⅛	+ ¼
HomeSh	7834	5¼	4⅞	5⅛	− ⅛
CornCr	7474	18⅛	17½	18	
Nortnk n	6638	15	14⅛	15	
ForstL	6377	32⅞	31	31⅛	+ ⅛
YankCo	6367	2¾	2½	2⅝	+ ⅛
A-de sc	5735	19⅛	18⅞	18⅞	+6⅞
WDigitl	5612	11⅞	11¼	11⅝	− ¼
BolrPr	5184	28⅛	25⅝	28	+1⅞
Kirby	5172	6⅛	5⅞	6⅛	+ ⅜
TubMex	4994	4⅞	3¾	4⅝	+ ⅞
ChDvA s	4980	28⅞	26⅛	28⅝	+2⅝

NYSE Sales

	Sales Vol.
Total for week	963,550,000
Week ago	804,330,000
Year ago	784,040,000
Two years ago	856,990,000
Jan 1 to date	16,074,902,120
1988 to date	15,513,350,000
1987 to date	18,038,730,000

AMEX Sales

	Sales Vol.
Total for week	63,720,008
Week ago	54,950,059
Year ago	46,140,009
Jan 1 to date	1,101,188,009
1988 to date	1,029,810,008

NYSE Diaries

	This Wk	Last Wk
Advanced	1362	1175
Declined	592	700
Unchanged	231	293
Total Issues	2185	2168
New Highs	412	223
New Lows	55	63

AMEX Diaries

	This Wk	Last Wk
Advanced	478	450
Declined	343	389
Unchanged	218	286
Total Issues	1039	1025
New Highs	175	102
New Lows	33	47

SHERIDAN MORLEY
IN THE IHT EVERY WEDNESDAY
WITH PERCEPTIVE CRITICISM
OF THE LONDON THEATER

New International Bond Issues

Compiled by G. Jennifer Shapiro

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FIXED COUPON						
Nissho Iwai American Finance	$100	1993	9⅝	101½	99.87	Noncallable. Fees 1⅝%. Denominations $10,000. (Yamaichi Int'l.)
Republic of Ireland	DM 500	1999	7¼	100¼	97.60	Noncallable. Fees 2⅛%. Redeemable in Deutsche Mark or Irish Punts at an exchange rate to be fixed on June 20, 1989. (Commerzbank.)
Westlb Finance Nederland	DM 150	1994	8¼	100⅝	—	Noncallable. Fees 2%. Redeemable in Deutsche Mark or U.S. dollars at a fixe rate of 1.73 DM per U.S. dollar. (Westdeutsche Landesbank Girozentrale.)
Coats Viyelle Finance	£90	2004	7¼	—	—	Issue is in the form of 90,000 preference shares at £1,000 each convertible into ordinary shares. Puttable in 1994 to yield 75-100 basis points above gilt, callable at par at any time. Fees 2½%. (Credit Suisse First Boston.)
Deutsche Bank Finance	£50	1994	11	100⅝	98.52	Noncallable. Fees 1⅝%. Fungible with a current £75 million bond issued Jan. 9, 1989. (Baring Brothers & Co.)
European Investment Bank	£50	1997	10	96⅝	—	Noncallable. Fees 1⅝%. Denominations £500,000. Fungible with a current £50 million bond issued Jan. 18 1989. (UBS Phillips & Drew.)
Ford Credit Funding	£60	1992	12¼	102	—	Noncallable. Fees 1⅝%. (Hambros Bank.)
IMI Bank International	ITL 100,000	1992	12⅝	101¼	99.70	Noncallable. Fees 1⅝%. Denominations 5 million Lire. (Banco di Roma.)
World Bank	PST 10,000	1994	12⅝	101⅝	99.90	Noncallable. Fees 1⅝%. (J.P Morgan Espana.)
Austria	ECU 100	1993	8⅝	101⅝	99.675	Noncallable. Fees 1⅝%. (Credit Suisse First Boston.)
Crédit Local de France	ECU 100	1995	9	101⅝	99.75	Noncallable. Fees 1⅞%. (Credit Commercial de France.)
Hydro Quebec	ECU 125	1999	9¼	102	100.00	Noncallable. Fees 2%. (Merrill Lynch Europe.)
City of Montreal	C$ 100	1994	10¾	101½	99.65	Noncallable. Fees 1⅞%. (Société Générale.)
IBM Australia Credit	Aus$ 75	1992	15½	101⅞	99.50	Noncallable. Fees 1½%. (Salomon Brothers Int'l.)
Mitsubishi Trust Australia	Aus$ 60	1990	18¼	101.90	100.40	Noncallable. Fees 1%. (Westdeutsche Landesbank Girozentrale.)
Toronto Dominion Bank Grand Cayman	Aus$ 50	1990	18	101.95	101.00	Noncallable. Fees 1%. (Fay Richwhite U.K.)
Crédit Lyonnais	Y 35,000.	1996	—	101⅞	—	Coupon pays 5⅛% for the first 3 years then linked to the Nikkei Stock Index. Noncallable. Fees 1⅞%. (Nomura Int'l.)
EQUITY-LINKED						
Kenwood	$150	1994	4⅝	100	108.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,013 yen per share and at 138.60 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Kirin Brewery Co.	$350	1993	4	100	103.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 2,050 yen per share and at 138.15 yen per dollar. Fees 2¼%. (Yamaichi Int'l Europe.)
Nippondenso Co.	$1,000	1993	open	100	102.00	Coupon indicated at 4⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Denominations $10,000. Terms to be set May 24. (Nomura Int'l.)
Onward Kashiyama	$200	1993	4¼	102	102.25	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,835 yen per share and at 138.60 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Showa Aluminium	$150	1994	open	100	103.62	Coupon indicated at 5⅛%. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set May 24. (Nomura Int'l.)

U.S. Bond Prices Climb as Inflation Threat Wanes

Compiled by Our Staff From Dispatches

NEW YORK — The U.S. bond market shared in the powerful advance that swept the dollar and stocks higher last week, rallying sharply on Friday amid hopes that the Federal Reserve System may ease its credit policies.

The Treasury's bellwether 30-year bond climbed to 101 24/32 with a yield of 8.71 percent from 100 11/32 and an 8.84 percent return a week ago. Last week's yield was the lowest since January.

Rates slipped throughout the week as prices of fixed-income securities rose, spurred in part by the Treasury's successful refunding auctions the week before, which reduced the volume of debt securities in the market.

Dealers also attributed the market's buoyant mood to an unusually large number of positive factors that lessen the chances for a rise in inflation — the bane of the fixed-income market.

"Above all, investors are rushing to lock in current yields rather than

U.S. CREDIT MARKETS

wait for the Federal Reserve to push down interest rates," one dealer said. "As it is, yields on the shorter-coupon issues have already declined about a point since March without the Fed having to do much, and the current flow of positive factors is viewed as lessening the fears about inflation."

The positive factors include the continued strength of the dollar in the face of central bank moves to reduce its value, plunging gold prices and weaker prices for gasoline and basic farm commodities. In addition, the strength of the Treasury bond futures and options markets is helping the bond market itself.

But most analysts agreed that the factors do not yet give the room to ease credit conditions.

Bruce Steinberg, senior economist at Merrill Lynch Capital Markets, said, "A core inflation rate of 6 percent plus, which we have now, is serious and could become very serious if the economy should weaken further."

The government reported Thursday that U.S. consumer prices jumped 0.7 percent in April, higher than most market forecasts. The report said that inflation at the consumer level averaged 6.6 percent during the first four months of the year.

As for the strength of the bond market, Mr. Steinberg said it reflected "the belief that the weakening economy would enjoy a soft landing." But he said that he doubted that would happen.

He said that "short-term rates have gone as low as they can without Fed action, while investor optimism in all securities markets and the present positive bond-market situation are depressing yields at the long end."

Dealers said that while the question of an easing of Fed credit policies is still very much open to debate, they said that speculation that such an easing is now possible has given a lift to the market.

"I won't be so bold as to say the Fed is about to ease tomorrow," one dealer said. "But there sure is enough evidence out there for an easing and that keeps us going."

Even pessimistic dealers say the market will lead a decline in rates over the next few weeks. And though the Fed is unlikely to loosen credit as soon because of lingering inflation concerns, the next move will be easing.

In other Treasury market trading last week, the government's 9¼ percent notes that mature in 1999 rose to 102 27-32 to yield of 8.69 percent, from 102 5/32 to yield 8.80 percent the previous week.

The Treasury said it plans to auction $8.75 billion of new two-year notes Wednesday and $7.5 billion of five-year, two-month notes Thursday.

The two-year notes traded on a when-issued basis Friday to yield 8.92 percent, down from 8.95 percent Thursday, while the yield on the longer-term notes declined to 8.78 percent from 8.82 percent.

In the corporate bond market, yield spreads to Treasury issues narrowed by 5 basis points to 10 basis points, according to Salomon Brothers, as more than $1 billion of new issues came to market.

In the municipal market, new-issue general obligation yields were lower by 5 basis points to 15 basis points, while seasoned revenue issues gained 1⅛ points this week.

Dealers said that economic data scheduled for release this week is likely to lend further support to the market.

On Tuesday durable goods orders for April will be released. April's orders are expected to have risen about 0.7 percent, compared with a 0.9 percent rise in March.

On Wednesday, a revision to first quarter U.S. gross national product will be released. Most economists expect a downward revision to near 5.4 percent from the originally reported 5.5 percent. But other economists believe that the strength of U.S. exports may lift the number slightly.

Economists said that the numbers, taken as a whole, should reinforce the view that U.S. economic growth is slowing that the inflationary pressures are easing.

"From a policymakers point of view, it appears we have reached the promised land," said Steven Slifer an economist at Shearson Lehman Hutton Inc. in New York.

(UPI, NYT, Reuters)

Treasury Bonds

May 19

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.04.91	100 17/32	100 19/32	8.92	8.80
15.02.92	100 9/32	100 11/32	8.88	8.78
31.03.93	102 14/32	102 18/32	8.83	8.77
15.05.94	102 21/32	102 23/32	8.82	8.79
15.04.96	103 4/32	103 8/32	8.74	8.80
15.02.99	102 25/32	102 27/32	8.70	8.80
15.02.06	105 17/32	105 21/32	8.73	8.87
15.02.19	101 23/32	101 25	8.71	8.84

Source: Salomon Inc.

U.S. Consumer Rates

May 19

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.18 %
Money Market Funds	
Donoghue's 7-Day Average	9.58 %
Bank Money Market Accounts	
Bank Rate Monitor Index	6.63 %
Home Mortgage, FHLB average	10.69 %

Source : New York Times.

Fed Stopped Tightening In March Minutes of FOMC Meeting Show

New York Times Service

WASHINGTON — The Federal Reserve System decided in March to stop pushing up interest rates to slow inflation, the minutes of the Fed's policy-making meeting of March 28 show.

The results of its decision have been discerned in the markets over the last two months as short-term rates, which had risen about three percentage points in past year year, began to reach a plateau. The minutes of the March meeting were released on Friday.

But the Fed's policy-making arm, the 12-member Federal Open Market Committee, was still skeptical of signs that inflation might be cooling or that the economy might be slowing.

It decided that inflation remained the greater hazard and that it would be ready to raise interest rates again if inflation perked up in the weeks after the meeting.

The committee, made up of the Fed governors and presidents of five Federal Reserve banks, convenes about eight times a year. It issues minutes of its meetings several days after the next meeting.

The committee met again last Tuesday, and nothing has been disclosed of decisions made then.

Since the March meeting, there have been new signs that the economy is slowing but that inflation might still be rising.

Consumer prices have been rising faster than they did last year, and on Thursday the government reported a large 0.7 percent rise in consumer prices last month.

But all but two-tenths of the increase was attributed to increases in oil and gasoline prices that may not recur, analysts said.

In the assessment of the economy in February and March contained in the minutes, the committee cited indicators pointing "at least tentatively to some moderation in the rate of economic growth." But the committee saw few signs implying "substantial or cumulative weakening" leading to a recession.

Committee members were split between some who would have tightened or raised rates after the March meeting to insure enough slowing to keep inflation at bay and some who thought no further tightening was needed.

Australia To Maintain Tight Credit

Reuters

CANBERRA — Australia's monetary policy will remain tight until domestic demand falls and the economy slows, Paul Keating, the Australian treasurer, said Sunday.

"The economy has been so strong that it has been an inordinate problem for us," Mr. Keating said in a television interview. "What we are trying to do is to weaken it in between now and next year, that is, to cut demand back," he said.

Meanwhile, Nobby Clark, managing director of National Australia Bank Ltd. predicted that the country's prime lending rate would rise to around 19.5 percent before leveling off.

"I think that what we will have is rates topping out at about 19.5 percent in the prime rate area and hopefully that's about the end of it," Mr. Clark said in a television interview Sunday.

National Australia last week said it would raise its benchmark prime to 19 percent from 18.75 percent on May 22, while the state-owned Commonwealth Bank of Australia said it would increase its prime overdraft reference rate to 19.25 percent from 18.75 percent.

"All the indications are that rates need to go somewhat higher before they can come down," Mr. Clark said.

The Taiwan (R.O.C.) Fund

Units of Beneficial Interest — International Depositary Receipts evidencing Beneficial Certificates representing 1,000 Units

NOTICE

Notice is hereby given to the Unitholders and the holders of the International Depositary Receipts (the "IDRs") that a Meeting of the Unitholders of The Taiwan (R.O.C.) Fund was held at the offices of International Investment Trust Company Limited on April 18. 1989 at which the extraordinary resolution, as set forth in the prospectus/proxy statement dated March 17, 1989, submitted to the Meeting was passed by a vote of 1,932 IDRs voting in favor and 312 IDRs voting against.

The Taiwan (R.O.C.) Fund

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GLOBE: U.S. Corporations Place Worldwide Profits Ahead of Domestic Concerns

(Continued from page 1)

country to keep their American factories occupied.

But many executives say the global strategy supersedes preferential treatment for American employees.

Motorola Inc., for example, makes telephone pagers in Boynton Beach, Florida., and Kuala Lumpur, Malaysia — with the Malaysian plant now also the design and engineering center for these electronic beepers.

"We'd try to make a balanced decision that took everyone into consideration, Malaysians and Americans," said Robert H. Galvin, Motorola's chairman.

"We need our Far Eastern customers, and we cannot alienate the Malaysians. We must treat our employees all over the world equally."

Many executives also distance themselves from the trade issues that are stirring so much concern in the U.S. government.

Motorola and the Hewlett-Packard Co. say they will not be directly affected if the United States fails to outdistance other countries in the development of high-definition television, a breakthrough technology that could require every household to buy a new television set.

"Whatever the technology that is developed, in whatever country, we'll be going after it for our products," said John Young, chief executive of Hewlett-Packard.

These products include semiconductors and electronic measuring instruments made in several countries.

To be sure, American companies still spend much more on plant and equipment at home than they do abroad: $488 billion last year versus $42 billion overseas.

But the foreign outlays have been rising since the mid-1980s.

In addition, companies like International Business Machines Corp., Ford Motor Co., NCR Corp. Motorola, Colgate-Palmolive and Stanley Works now collect 30 percent or more of their revenue, and big chunks of their profit, from production outside the country, usually in high-tech factories far more sophisticated than the assembly plant operations that characterized earlier periods of overseas expansion.

Very slowly, U.S. corporations have begun building up their holdings abroad.

Nearly 17 percent of total corporate assets are now overseas, up from 14.4 percent in 1984, according to data compiled by Robert Lipsey of the National Bureau of Economic Research.

This amount is greater than that for nearly every other industrial nation and more than three times the percentage of Japan's overseas holdings, although in every developed country the percentages are also rising.

The explanation of this trend is evident in the comments of many American executives, among them John A.M. Grant, executive director of corporate strategy at Ford Motor Co.

"In any country where Ford operates, the value added — the amount of manufacturing done in that country — should be as great as possible," he said.

True to this policy, Ford's automaking operation in Europe, among the largest on the Continent, now makes or buys 98 percent of its parts, supplies and machinery in Europe, building up to this level over more than a decade.

"The only thing we import from the United States is some machine tools," Mr. Grant said.

For Ford and many American companies, the big lure of globalization is the promise of Europe and Asia.

Sales of many products are growing more rapidly in these two markets than in the United States and U.S. corporations have decided that they must be served on the spot, not from home.

"You cannot really make a penetration with exports," said Ralph Hake, vice president of planning at Whirlpool Corp.

But the exodus abroad is raising the possibility that American companies, by expanding foreign production, are transferring too much wealth to other countries.

Not only are the factories as sophisticated as those back home, but much of the overseas investment today takes the form of joint-production ventures with foreign companies, a rare practice before the 1980s.

According to a survey by the Conference Board, a business organization, 40 percent of the overseas investment last year was in such joint ventures, which spread technology quickly across borders.

"There is a decoupling of the corporation from the country; that is what is developing," said Gus Tyler, an official of the International Ladies Garment Workers Union.

"The country can be facing economic disaster, and the global corporation can avoid it."

Twenty years ago, in a period of overseas expansion that peaked in 1977, the trend was much less of a national problem.

CRAY: Supercomputer Industry Awaiting Results of Leader's Breakup

(Continued from first finance page)

makers and oil companies have slowed capital spending and the U.S. government has cut back on its military budget.

Making matters worse, Cray Research is being significantly challenged from many directions.

From overseas, the Japanese, who failed in earlier attempts to take on Cray Research, are again taking aim. In the United States, International Business Machines Corp. and a slew of small competitors are jockeying for a piece of the market that the company has long dominated.

Nonetheless, Cray Research may prove to be stronger without Mr. Cray than with him. Freed of the tension and financial strain of trying to accommodate Mr. Cray's entrepreneurial style, Cray Research can now get on with the business of being a global player, industry experts and analysts said.

Investors apparently were starting to come around to that view late last week, helping the company's stock rebound a bit after an initial slide.

"It was a brilliant decision," said David Wu, a computer industry analyst at S.G. Warburg & Co. "It's a case of the parts being worth more than the whole."

Nonetheless, it is a calculated gamble. By choosing a strategy of evolutionary technological growth over the revolutionary leaps that the Seymour Crays of the industry represent, Cray Research runs the risk of someday being passed by.

For now, though, the safer choice protects the company's strong customer base.

The split may even help to shore up America's supercomputer industry. "From the country's standpoint," Mr. Wu said, "it's the best thing that could happen."

Indeed, Washington may finally adopt a national policy to help ensure America's lead in producing the machines, shaken into action by Cray's dramatic restructuring and last month's announcement that Control Data Corp. was dropping out of supercomputing.

On Friday, with Cray Research's chairman, John A. Rollwagen, at his side, Senator Albert Gore, Democrat of Tennessee, announced the introduction of a bill to provide financial support for universities and other research centers to buy supercomputers. The bill would also create a data network to connect the nation's supercomputers.

Similar legislation was introduced and shelved last year, but the new proposal is given a better chance of passage this time because of the recent demonstrations of volatility in a sensitive industry.

While the United States is still ahead in supercomputers, many industry and government observers fear that without such an initiative the Japanese will eventually take over.

Supercomputers are the basic design tools of the 1990s, said Larry L. Smarr, director of the National Center for Supercomputing Applications at the University of Illinois in Urbana-Champaign:

"You've got to take a strategic look at the importance of supercomputing. This country still does not understand that the way Japan understood it in 1980."

That was the year that Japan developed its national supercomputer policy, which targeted supercomputing as a vital industry that would offer the key to global dominance in dozens of other high-technology areas.

The policy has been behind the strong advances of what has come to be known as the Gang of Three — Fujitsu Ltd., NEC Corp. and Hitachi Ltd. — the giant electronics companies that have set their sights on unseating Cray Research as the world leader.

Already, one of the companies, Fujitsu, has become an important supplier of semiconductors for Cray, an arrangement that some industry experts say has left the U.S. company highly vulnerable.

The Japanese companies have another edge. Because of their huge size and highly profitable consumer operations, they can afford to subsidize enormous research and development costs, patiently waiting for big profits down the line.

With less than $1 billion in assets, Cray Research does not have that luxury. Indeed, a major consideration leading to last week's breakup was concerns about trying to finance the development of Cray's latest machine, the Cray-3, while engineers at the company's design and production center in Chippewa Falls were working on another costly project, the C-90.

As serious as the Japanese threat is to Cray Research, the danger from domestic competitors may be worse. The most significant immediate challenge is coming from a range of small U.S. computer makers that are attempting to offer near-supercomputer performance at far lower prices.

'Critical' Period for a High-Tech Industry

Cray Research Inc., the U.S. supercomputer maker, announced last week that it would split into two companies. Its chairman, John A. Rollwagen, met with reporters and editors of The New York Times to discuss this development and the industry's future.

Q. There has been a lot of attention on supercomputers recently. Is Cray a national resource?

A. Yes. Certainly we are perceived that way.

Q. If so, what should President George Bush do to help Cray?

A. First, recognize that we are in a critical period in the industry in the United States. To have an industry, you need at least two thriving, profitable companies. He has to recognize that splitting into two means a certain period of vulnerability for both companies. The best way to support those efforts is to buy from both. That could really accelerate the development of both.

Q. Is that all?

A. No. Second, he has to recognize that these two companies are competing on a global scale and that they have tough competition from Japan. They need help doing more business in Japan. And he has to look at export-control policy, and not just for supercomputers, but in general.

Q. You have talked about relations with Japan. Are national boundaries becoming less important?

A. They are certainly becoming blurred. Fujitsu is a key supplier of ours, but Fujitsu in Japan is our key competitor. It is ridiculous to think of Japan or the United States totally creaming the other. If we fight to the death and one wins, we both lose. We have a lot to gain by working together.

Q. Would you ever consider allowing one of the big Japanese computer companies to take a 10 percent or 15 percent interest in Cray Research?

A. We would not seek it out, but we would not get terribly upset if it happened. It depends on their intentions. If they got close to a controlling interest, then you would get worried.

Q. How do trade issues figure in this?

A. We have to look at the business on a global basis. Our governmental structure is quickly becoming an anachronism. It is not dealing with the realities of the situation. It is not dealing with the fact that scientific communities, particularly, exist on a global scale and they are in daily communication.

Q. If you are such a national treasure, why can you not generate the funds you need without this split?

A. We have the resources and financing to do both. But we see this as the best mechanism to do both. We recognized that we had both of these pulses developing, that they were different technologically and to some extent incompatible within the organization.

Q. The impression was that you had bitten off more than you could chew with the two projects.

A. You can look at the financial situation two ways. One is cash, the other is profit and loss. We have $300 million in cash in the bank and that is plenty to pay for both projects. But when it comes to the profit and loss and earnings per share, research and development expenses have to be accounted for against existing revenues.

Pernod Buys Wine Stake

Agence France-Presse

ADELAIDE, Australia — Pernod Ricard SA of France has bought a majority holding in Orlando Wines Pty., Australia's second-largest wine company, Orlando announced Sunday.

Chris Roberts, managing director of Orlando, said Pernod "only just" had a majority share in a venture aimed at exporting about 25 percent of Orlando's output in four years. Mr. Roberts refused to disclose details but said Orlando issued new capital to Pernod.

Mr. Roberts said he expected Orlando, subject of a 75 million Australian dollar ($56.9 million) management buyout in January 1988, to overtake Penfolds Wines Pty. as Australia's largest wine producer.

He said the arrangement with Pernod would provide potential to break into the European market as the popularity of Australian wines grew. Current Orlando management would be retained and a seven-member board established with an Australian majority.

"Pernod has recognized that Australian wines have enormous export potential because we are not restricted in terms of acreages we are allowed to plant, and climate and soils are good," Mr. Roberts said.

BANQUE INTERCONTINENTALE ARABE

المصرف العربي عبر القارات

joint stock company with a capital of FF. 300.000.000

Held on 10 May 1989, the ordinary annual shareholders' meeting of Banque Intercontinentale Arabe (B.I.A.) presided by Mr. MOHAMED NOUR-EDDINE KERRAS, approved the accounts for the financial year of 1988.

Total assets amounts to Francs 7,251,514,740 against Francs 8,022,136,805 as at December 31st 1987.

Net profit to be distributed after taxes stands at Francs 470,805 against Francs 18,958,864 for the financial year of 1987.

Net appropriation to operation provisions amount to francs 54,011,139 at December 31st 1988 against francs 51,225,820 at December 31st 1987.

The financial structure has been strengthened by the shareholders. Subordinated loans reached francs 283,038,221 against francs 23,489,761 at December 31st 1987.

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Euromarts At a Glance

Eurobond Yields

	May 17	May 10
U.S. $, 8 yrs & over	9.76	9.89
U.S. $, 5 to 7 yrs	9.73	9.91
U.S. $, less than 5 yrs	9.66	9.76
Pounds sterling, less than 5 yrs	11.81	11.80
French francs, less than 5 yrs	8.68	8.71
Ital. lire, less than 5 yrs	11.44	11.45
Danish krone, less than 5 yrs	9.70	9.68
ECU, 8 yrs & over	8.84	8.85
ECU, 5 to 7 yrs	8.76	8.80
Can. $, less than 5 yrs	10.86	10.90
Aus. $, less than 5 yrs	15.50	15.58
N.Z. $, less than 5 yrs	13.91	13.82
Yen, 5 to 7 yrs	5.30	5.30
Yen, less than 5 yrs	5.20	5.21

Source: Luxembourg Stock Exchange.

Weekly Sales

May 18

Primary Market

	Cedel $	Cedel Nons	Euroclear $	Euroclear Nons
Straights	255.10	696.70	3,202.80	534.08
Convert.	—	6.30	—	—
FRNs	31.00	—	128.00	50.20
ECP	1,486.90	48.80	8,187.00	1,360.70
Total	1,773.00	751.80	11,518.80	1,944.90

Secondary Market

	Cedel $	Cedel Nons	Euroclear $	Euroclear Nons
Straights	5,111.90	6,812.00	15,738.40	6,713.60
Convert.	196.50	368.40	920.90	440.70
FRNs	n.a.	1,611.80	4,404.90	3,960.50
ECP	2,054.90	1,126.20	3,908.90	1,675.30
Total	7,363.30	9,918.40	24,967.10	12,790.10

Source: Euroclear, Cedel.

Libor Rates

May 19

	1-month	3-month	6-month
U.S. $	9¾	9 11/16	9 11/16
Deutsche mark	6⅞	7.00	7 3/16
Pound sterling	12⅞	12 15/16	13.00
French franc	8 9/16	8⅞	9.00
ECU	8 7/16	8 13/16	9.00
Yen	4⅞	5.00	5 3/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

IF YOU GET A KICK OUT OF SOCCER, READ
ROB HUGHES
WEDNESDAYS IN THE IHT

NEW SOUTH WALES GOVERNMENT
ROADS & TRAFFIC AUTHORITY

Supply of Automatic Vehicle Identification Systems

The Roads and Traffic Authority (New South Wales) is currently investigating the use of automatic vehicle identification systems for collection of tolls on the Sydney Harbour Bridge.

It is proposed to install automatic (remote) vehicle identification equipment on some of the existing toll booths on the bridge to evaluate the potential improvements in efficiency which could be achieved through the use of this technology.

Suppliers of remote identification equipment which has been used in a toll collection or similar application, are invited to submit proposals for the supply and installation of automatic vehicle identification equipment and associated systems.

Further information and a copy of the specification can be obtained from Mr. D. Quail, Technical Manager, Traffic Control Section, Roads and Traffic Authority, PO Box 693, Darlinghurst, NSW 2010, Australia.

Closing Date: for proposals, 30 May, 1989.

Telephone:
International (612) 285 0285
Australia (02) 285 0285

Facsimile:
(612) 267 6695
(02) 267 6695

NASDAQ National Market

OTC Consolidated trading for week ended Friday. May 19

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A							
A&W Bd			6148	26¼	22¾	25½	+1½
ABS s	.32	4.3	1223	8¼	7½	7½	— ¾
ABQ			174	2¼	1⅞	2⅛	— ⅛
ACC Cp	.07e	1.6	184	4⅝	4⅛	4¼	— ⅛
ADC			1352	14½	13¼	14½	+1
ADT			16347	29⅝	28¾	29⅝	+ ⅝
AEL			126	8	7½	7¾	
AEP			219	16¼	14¾	16	+1¼
AIM Tel			77	4¼	3½	3½	— ⅝
AIRCOA			5	3	3	3	
ALC h			4323	4⅝	4⅛	4⅝	+ ¼
AME			302	10¾	9¾	9¾	— ¼
ASK			2707	14¾	14¼	14⅝	— ⅛
AST			4116	8¼	7¾	7⅞	— ⅛
AcrnRt	.10	.9	303	11¼	10¾	11¼	+ ½
AbingB	.32	3.4	765	9⅝	9¼	9½	+ ¼
AbeLinc		.6	558	16¼	15⅝	16	— 1
Acadin			3309	1⅞	1½	1½	+ ⅛
Accel			105	8	7½	7½	
Aceplin			54	16	15⅝	16	— ¼
Aceto	.14b	.9	446	15½	15	15	
AcmeSt	.05e	.2	1382	24½	22¾	23	— 2
ActARI s			2497	22¼	20	22	+1½
ActnSv	.32e	2.8	411	11½	11	11¼	— ¼
ActAuSt			179	4⅝	4⅛	4⅝	
Actmed			741	14¾	14⅛	14⅝	— ⅛
Acxiom			854	15½	13¾	15¼	+1½
AdacLb	.16	3.0	38658	5⅝	4⅞	5⅜	+ ½
Adage			602	1⅞	1⅝	1⅞	+ ⅛
Adapt			8865	9¼	8¾	9⅛	+ ⅜
Adingtn			5458	38⅝	33⅞	38¼	+3¼
AdiaSv	.14	.6	2900	23¼	22½	23¼	+ ¼
AdobeS s	.091	.3	17838	29	26¼	28¾	+2
Adtec			141	3⅝	3⅜	3⅜	— ⅛
AdvCir			1155	4⅞	4⅜	4⅞	+ ⅜
AdvRos			320	11¼	10¾	11	— ½
AdCat			154	2¼	2	2	— ½
AdvMag			911	12½	11½	12	— ½
AdMkSv			2190	15¼	14¼	15¼	+1
AdvPoly			2250	8⅝	7¾	8⅛	+ ⅜
AdvSem			757	10⅛	9⅝	9¾	— ¼
AdvTel			5797	18½	16⅝	18	+1⅛
Advanta			3691	9⅝	7½	9½	+2
Advant			1942	3⅜	2¾	3⅛	+ ⅜
AdvoSy			7293	8¼	7½	8	+ ⅜
Aequitrn			998	4⅛	4	4	— ⅛
Aegon	1.68e	.1	264	45⅛	45⅛		
AerSysT			2264	1⅞	1¼	1⅝	+ ⅛
AffBcCp	.32	4.2	979	7⅞	7⅝	7⅝	
AfiBsh			5655	14¼	12	13⅝	+1⅝
AgncyR			1175	32½	19½	19⅝	—1¼
Agnico g	.20	2.5	673	8½	8	8⅛	— ⅛
Agourn			13	14	14	14	
AirMd			902	5⅝	5	5¼	
AirWisc	†		1989	13¼	12⅛	13⅛	
Airind			37	1½	1⅛	1¼	— ⅛
Airtran	.12	1.7	515	7	6⅞	6⅞	
Akorn	.06e	3.1	229	2	1⅞	1⅞	+ ⅛
Akzo	1.87e	5.6	927	34½	32⅞	33¼	—1⅜
Alafen	1.10	7.9	113	14	13	14	+1
AlcoHlt			172	24⅝	24	24	— ¼
Aldus			8742	20½	18½	20⅛	+1⅛
AlexBr	.16	1.4	1512	11¾	11	11⅜	+ ⅜
AlexBl s	.80	2.1	6279	37⅞	37	37⅝	+ ⅝
AlfaCp	.36	3.1	356	12¼	11¾	11¾	— ¼
Algorex			135	1⅞	1⅝	1⅞	— ⅛
Alico	.20	.5	162	37¾	36¼	37½	
AllAm s			384	3⅝	3⅛	3⅛	— ⅜
AllCity			537	4¼	4½	4¾	+ ¼
AlegW			681	8⅝	8⅛	8⅝	— ⅛
AlnOrg	.32a	1.0	45	32	31	32	+1
AllFinl	1.00	2.7	68	37	36½	36½	— ½
AlianPh			1068	14¾	13½	14⅛	
AlnPh wt			15	4¼	4¼	4¼	
Alliant			7275	5½	4⅞	5¼	+ ⅜
AlldBk s	.20	1.9	38	10½	8½	10½	+1¼
AlldCa s	.921	5.4	1207	17	16⅝	17	+ ⅜
AlldGp	.44	3.8	160	11¾	11¼	11½	
AlldRsh			70	3½	2⅞	2⅞	— ⅛
AloyCat			293	2⅝	2¼	2⅜	— ⅛
Allwast			7315	18⅝	17⅝	18¼	+1⅛
Aloette	.15e	1.3	466	12	11¼	11⅜	— ⅜
Alphari			941	1½	1⅛	1⅜	+ ⅛
AlpMic			308	7⅝	7⅛	7⅜	
Altai			213	3¼	3	3	
Altera			6921	8½	7¾	8¼	+ ⅜
Altus			214	4⅜	4	4	— ⅜
Altos			2122	6⅞	6½	6⅝	
Altron			394	5⅝	4⅝	5¼	+ ⅜
AmbFn			2	1¼	1¼	1¼	— ⅛
Amcor	.50	3.0	86	17	16½	16⅝	+ ⅜
Amrian	.37	3.7	72	10¼	10	10	— ½
Amerbc	.22	1.8	100	12¼	11½	12¼	+ ⅜
AFFMf2	1.51e	17.0	570	8⅞	8⅝	8⅞	
AmFPr	1.60	10.0	311	16	15½	16	+ ⅜
AFTxE	1.70	10.8	864	16⅛	15¼	15¾	— 1
AFTxE2	1.28a	8.5	244	15	14½	15	
AWAirl			11289	11½	10⅝	11	+ ⅜
ABnkr	.50	4.8	689	10⅝	10⅛	10⅝	— ⅛
ACapac	.20	1.8	31	11¼	10¼	11	+ ⅜
vlACar			4060	1	1	1½	+ ⅛
AmCity			2634	18	15½	16½	+ ⅝
AColad s	.44	3.0	4245	14⅞	14⅛	14¾	— ½
AConsu			128	9½	9¼	9¼	— ¼
vlACnll			1272	1	⅞	1	+ ⅛
AmEcol			938	9⅝	9⅛	9¼	+ ⅛
AFSvDu	.10e	.9	35	11¼	11	11	— ¼
AFilm	.80	3.0	92	27	25½	27	+1
AGreet	.66	2.6	2941	25⅝	24¾	25¼	+ ½
AHltSv			555	4¼	3⅞	4	— ¼
AHSld			3890	9⅝	9¼	9¼	+ ⅛
AIndF	.56	4.5	106	12¼	12	12½	+ ⅜
AIM 84	1.50e	9.1	176	16¾	16	16½	+ ⅛
AIM 85	.48e	3.4	411	15	15	15	
Aminfo			4914	4⅞	3⅝	4⅛	+ ⅜
AmLck	2.00c		32	5¼	4¾	5	+ ⅛
AMagnt			287	4⅝	4½	4⅝	+ ⅛
AMS			2723	14⅜	13	14⅜	+1⅜
AMedE s			27	6½	6¼	6½	
AMidl		1	724	⅞	¾	¾	—
ANtIns	1.48	4.1	485	35⅝	35¼	35⅞	+ ⅜
ANuclC			462	⅝	⅝	⅝	
AmNurs			361	2¾	2⅝	2⅝	— ⅛
AmPac			1480	10	8⅞	9⅝	+ ⅜
APhyG			514	3¼	3	3⅛	+ ⅛
AmPlan			5	2⅝	2⅝	2⅝	— ⅛
APwCv			1742	22½	21½	22	— ½
AReliαn	.32	3.7	256	8⅝	8	8¾	+ ⅛
ARepBc	†		200	7⅝	7⅜	7⅜	— ⅛
AmRice			1002	2⅝	2½	2½	— ⅛
ASLFl pf	2.19	13.2	634	16⅞	16½	16⅝	— ⅛
ASvWA	.20	7	1333	27¼	26¾	27½	+1½
ASoft s	.28	1.7	4173	16⅛	15½	16⅛	+ ⅜
AmStl			966	8	7¾	7⅞	
ATvCm			4918	46⅜	45	46	— ¼
AmTrav			1912	8	7⅝	8	+ ⅜
AVng s	.041	.5	328	8	6⅞	8	+ ⅜
AWstCp	.10r	1.2	1296	8⅞	8	8½	— ⅛
AWood		1	43	11⅞	11¾	11⅞	— ⅛
AmFtBk			9362	11⅝	10⅜	10⅝	—1
Amerltr	1.28	5.3	2164	24⅜	23⅝	24¼	+ ⅜
Amertk			3	1⅜	1⅜	1⅜	— ⅜
Amgen			16464	40½	36½	38¼	—1⅛
Amistar			8	3¾	3½	3¾	+ ⅛
AmtyBc	.20	2.1	76	9¾	9⅝	9⅝	— ⅛
AmskBk	.68	7.7	8446	9⅛	8⅝	8⅞	— ⅛
Amoskg	.60a	2.6	13	25	23½	23½	— ½
Ampicn			3675	15	11⅝	14¼	+3¼
Amserv	†		135	5⅝	5	5⅜	
Amvst s	.20	2.9	1505	7⅛	6⅞	6⅞	— ⅛
Anlogic			444	10⅛	9⅞	10	— ⅛
AnalyTc	.15	1.0	238	15	14¾	15	+ ¼
Analyln	.48	2.6	511	19	18¼	18¼	
Anangel	.50e	2.7	3815	18⅝	16⅞	18½	+1⅛
Anaren			679	6	5⅞	6	
AnchSv			1206	4⅛	3⅝	3⅞	+ ⅛
AndrGr			91	9¼	8¾	9	+ ⅛
Andovr			368	13	12½	13	+ ⅜
AndvBc	.80	5.0	859	16¼	15¾	16	+ ¼
AndvTg			192	4⅝	4½	4¼	— ⅛
Andrew			5354	20½	19¾	20	
Andros			3170	10⅛	9	9½	+ ⅜
AngeEn	.20	1.3	472	15⅝	15⅛	15⅝	
ApoloC			913	13⅜	12⅞	13	+ ⅛
AppleC	.40	.9	119380	46⅛	44⅝	45⅜	+1
ABiosci			1491	27¼	25½	26½	+ ⅜
ApldBio			5328	38⅜	36¼	38	+1½
ApldMt			15649	31½	30¼	30⅝	— ⅜
ApldPw	.20	.5	1938	38⅞	37	37¼	— ⅛
ApldSlr			144	11	10	11	
Archive			14582	13	11⅜	12	+ ½
Arbor	.20	.9	989	24½	22½	23½	—1
Arden			30	52½	49	51	—1
ArgoGp			566	55⅝	54¼	54¼	—1½
Aritch			181	15½	14¾	14⅝	— ⅜
ARIX			4591	5⅝	5	5⅜	+ ¼
Arizinst			5451	9	6¼	8⅝	+1⅝
ArkaFt			304	15	14½	14½	— ¼
Armor	.52	2.3	907	23⅝	22¼	22¼	—1
Arnold s	1.00	3.1	131	33¼	32½	32½	
ArowBk	.64b	3.9	39	17¼	16¼	16¼	— ¾
Artel			4659	5	4⅝	4⅞	+ ⅛
ArtWay	.20e	1.8	174	11⅛	11	11¼	— ⅜
Ashton			23818	23¼	20½	21½	— ¾
Aslamr	†		408	9¾	9½	9⅝	
AspenR			274	3⅝	3⅜	3⅜	
Assix			652	7½	6⅞	7½	+ ⅛
Assix wt			122	2½	2¼	2¼	
AsdBnc	.64	3.7	401	17¾	17¼	17½	+ ⅛
AsCmA s			401	39	37½	38¼	— ¼
AsCmB s			432	38½	36¼	38¼	+1
AsdNG			1648	13⅞	11⅜	13⅞	+1⅜
Astec			487	16¾	16	16¼	+ ¼
AstrM s			380	10⅜	10⅛	10⅛	+ ⅛
Astrcm			426	1⅝	1¼	1½	+ ⅛
Astron s	.07	2.8	20	2½	2½	2½	— ⅛
Astrosy			701	5⅝	4⅝	4⅝	+ ⅛
Atek			425	7¼	7	7	— ⅛
Athey	†		190	11¼	10⅝	10⅝	— ¼
AtlcoF	.20	2.0	172	10⅛	10⅛	10⅛	— ⅛
Atkinsn	.48	3.0	804	16⅛	15⅝	16	— ⅛
Atlnld	.40	4.3	3	9¼	9¼	9¼	
AtlAm			846	3½	3	3⅛	
AtlnBc	.40	4.2	21	9½	9¼	9½	+ ¼
AtlFin	.071		1621	2¼	1⅝	1⅝	— ⅛
AtlF pf	1.05	30.0	790	x4¼	3¼	3½	— ⅞
AtlSeAr			7144	14½	13¼	13½	+ ⅜
Atwood	.74e	1.9	765	38⅝	33⅝	38⅝	+4⅝
AtwdOc			4	16¼	15½	15½	— ⅜
AutTrT			107	5	4⅜	5	+ ⅛
Autoclv	.20	1.7	205	11¾	11½	11½	
Autodk			13977	39½	36½	39¼	+2⅜
Autodie			69	13⅜	13⅜	13⅜	+ ⅛
Autoinf			1642	2¼	1⅞	2	+ ⅛
AutLng			330	4	3⅝	3⅝	— ⅜
AutoSy			174	3¼	2¾	3	— ⅛
AutoCp			133	8¼	7⅝	8¼	
Avntek			2363	5⅜	4⅜	4⅞	— ⅜
Avatar			230	30	29	29¾	+ ½
Avry			2154	⅝	½	⅝	— ⅛
Avndle	.92	4.7	4498	19¾	19⅛	19¾	+ ⅜
AztcM	.10	2.4	261	4½	4¼	4¼	— ⅛
B							
BB&T s	.72	3.7	535	19⅝	19½	19½	
BH Bulk	10.35e	61.3	1341	18	16⅞	16⅞	— ⅞
BEI	.24	6.0	120	4⅛	4	4	— ⅛
BF Ent			141	9⅝	9⅜	9⅝	+ ½
BFS NY			25	10⅞	10½	10½	
BGS	.40a	3.3	228	13	12½	12½	— ⅜
BHA s			535	22	21¼	21¼	— ⅜
BHA B			126	21¼	20⅜	20¾	— ⅜
BMA	1.20	3.8	1243	32¼	30⅜	31⅞	— ⅜
BMC Sft			3971	20⅜	19⅝	20⅛	+ ⅜
BMJ	.56	3.2	59	18½	17¾	17¾	—1½
BMR Fn			642	9	8⅞	9	+ ⅛
BNH	.24	2.5	104	9½	9¼	9⅝	
BR Intec			28240	15⅝	14¼	14⅝	+1⅛
BSB Bcp	.40	2.4	5720	17½	16½	16⅝	
BT Fin	.76	5.6	294	13¾	13	13⅝	
BTR	.08	1.2	1131	7	6½	6⅞	— ⅛
BTU Int			726	9½	9⅛	9⅜	
Babage			1451	15⅝	15¼	15⅜	+ ⅜
Badger s	.44	1.9	20	24½	23½	23½	— 1
Bailey			140	3⅛	3	3	+ ⅛
BakerJ	.06	.4	4214	16⅝	15¾	16⅛	+ ⅜
Balchm	.03	.6	58	5	4⅝	4⅝	— ⅛
BaldLy	.20	1.1	17	18¼	18¼	18¼	
BldLyB	.20	1.1	88	17½	17	17½	+ ½
BaldPia			77	10¼	9½	9⅝	— ⅜
Balard s			872	18⅞	17⅞	18½	+ ⅜
Baltek	.15	.9	201	17⅝	16½	17¼	— ½
BncPnc	1.50	5.5	362	27¾	26½	27¼	+ ½
BnPoo s	.80	4.1	272	20	19½	19½	— ½
BcpHw s	1.36	2.7	2137	50¼	49	49½	
BcMiss	.76	3.4	61	22¾	22½	22½	— ⅛
BcpNJ	.40	3.1	167	13¼	12½	13	+ ¼
Banctec			2254	12⅜	11⅜	12½	+ ⅜
BandoM	.68	9.1	203	7⅝	7½	7½	— ⅛
BangH	1.16	8.1	201	14⅜	14⅛	14¼	— ⅛
BankAH	1.00e	10.5	13	9½	9½	9½	+ ¼
BkGran	.40	1.9	19	22½	21½	21½	—1
BnkNH	.92	4.1	44	23	22¼	22¼	— ¼
BkSou	.48	3.9	1579	13	12¼	12¼	— ⅜
Bnkest	.48	8.3	1363	6⅝	5⅝	5¾	— ⅝
BnkFst	.87e	1.8	468	7⅜	7¼	7¼	
BkrNte			364	2½	2	2¼	— ¼
Bknth	1.72	5.3	41	32¼	31½	32¼	+1
Bklowa	1.00	1.4	842	69	65½	69	+4
BkMA s			195	9⅜	9	9½	— ⅛
BkRedld			27	8⅜	8½	8¾	+ ⅛
BkWorc	1.00	6.0	2510	17	16¼	16¾	+ ⅛
Banta	.52	2.3	8423	22⅝	22	22¾	
Barden	1.00b	2.5	48	39½	38½	38½	— ⅞
BaretRs			358	4⅞	4½	4⅞	+ ⅛
Barris			3611	11⅛	9	10⅝	+1
BaryJ s			101	15	14⅛	14⅝	— ¼
BsTnA			56	5¼	4⅞	5	
BasAm			50	4⅝	4	4	— ⅛
BsRInt			190	⅞	½	⅞	
BsetF	1.00	2.8	141	36½	35½	36¼	— ⅛
BayVw	.15e	.7	5732	21⅝	20¾	21½	+ ¾
BayBks	1.80	4.0	1707	45¼	44¼	44⅝	+ ⅛
Bayly			245	2⅝	2⅜	2½	
BeautIC	.05e	.3	1338	22½	19⅝	20	—1½
BeautL			2388	6⅞	3⅞	4⅝	—1⅝
Beebas	.20e	1.6	2313	12⅝	11¼	12⅛	+ ⅛
Bechm s	.58e	2.8	6124	20⅞	20½	20⅝	+ ¼

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
BelFuse			938	5⅝	5½	5½	+ ⅛
BellW			269	5⅜	5⅛	5¼	+ ⅛
BellSv			157	9½	9¼	9½	+ ¼
Belmrl			172	⅝	⅝	⅝	— ⅛
BenJer			382	16¼	14¾	15½	— ½
Benhan			135	3½	3⅜	3⅜	+ ⅛
BenlSv			1289	5	4⅝	4⅞	+ ¼
Berkley	.40	1.3	5088	31¼	30¼	31⅛	+ ⅞
BerkGs	1.28	7.6	42	16¾	15¾	16¾	+1
BethlBc	.16e	1.1	157	14¾	14¼	14¼	— ¾
BetzLb	1.68	3.1	1633	54½	52⅝	54½	+1⅛
Big B	.16	1.4	273	11½	11¼	11⅞	— ⅛
Bindly			649	8½	8¼	8½	+ ¼
BingKg			146	3⅝	3¼	3⅜	+ ⅛
Biogn wt			227	4	3½	4	+ ¼
BioLog			413	5⅝	4⅞	5	— ⅜
BiMedc			2221	15⅜	14⅝	15	— ⅛
Biogen			16742	14⅞	12⅝	14⅛	+1½
Biomet s			11090	22¼	20	21¾	+ ⅞
Biosph			43	4½	4	4⅛	— ⅛
BiotcR			272	5¼	4⅝	4¾	— ¼
BioTInl			172	3⅛	2⅞	3⅛	+ ¼
Birdinc			930	11⅛	11	11	— ⅛
Birtchr			34	3	2⅝	2⅝	
Blackl	.03	.3	6	10	10	10	
Blau			15	4½	4½	4½	— ½
BlisLau			90	7¼	7	7	
BlckD	.64b	1.9	580	34¾	33⅝	34½	+ ¼
BoatBn	2.00	5.6	3794	35⅝	34⅝	35½	+1
BobEvn	.26	1.6	6106	16¼	15⅝	16	+ ⅜
Bogert			50	9½	9	9¼	+ ½
Bohema	.20b	1.1	559	18¼	16¾	17⅛	+1⅛
BonvlP			1331	9⅝	9⅛	9⅝	+ ⅜
BooleB			875	20	18½	19½	+ ⅜
BoonEl			113	4⅞	4⅜	4½	— ⅛
BostAc			70	18	17⅝	17⅝	— ⅛
BostBc	.60	4.0	2256	15¼	15	15⅛	
BstnDig			132	3¾	3⅝	3⅝	— ⅛
BstnFB	.72	4.7	1196	15½	15	15¼	+ ¼
BlvdBc	.48	2.0	200	24½	24¼	24¼	— ½
BradRE	.68	4.8	16	14⅜	14¼	14¼	— ⅛
BradyW	.28	1.2	1208	25½	23	24	+ ¼
BraeCp			767	4⅛	3⅝	4⅛	+ ⅛
Brantre	.36	2.6	80	14	13	13⅞	
Braids			206	5⅝	5¼	5⅝	+ ⅛
Brand			2609	21¼	19⅞	21	+2
Brandn	.12	1.1	194	11¼	10¼	10¾	— ¼
Brndy	.20e	1.0	493	21½	20⅝	21	+ ½
BrnfdSv	.60	4.4	17	14	13½	13½	
Brkwl g	.10e		1376	2⅞	2⅝	2⅝	— ⅛
Brenco	.20	2.5	412	8	7⅞	8	+ ⅛
Brendle			407	7¼	6⅝	7⅛	+ ⅛
BrdgF s	.20	1.0	38	20	18¾	20	+1½
Brnkmn			774	18⅝	18¼	18⅝	+ ⅛
BrodN s	.25		4	27	24¾	24¾	— ¼
BdwyFn	.48	3.5	20	13¾	13¾	13¾	+ ½
Brkfld	1.00	3.1	1	32	32	32	—2
BklynSv	.40	4.8	1020	8½	8	8⅛	+ ⅛
BrwnRb			201	6	5¾	5¾	— ⅛
BrTom s			781	7⅜	6⅝	6⅝	— ⅜
BwnTrn			134	5½	5	5	— ⅛
Brunos	.12	1.0	4667	12⅞	11¼	11⅞	+ ⅝
BrynMw	1.40	4.7	24	31¼	29½	30	
BckyFn			777	6½	6	6½	+ ⅜
Buffet			3207	22⅝	21	21¾	— ¾
BuildT			2727	11	9½	10½	+ ⅝
BulBear			106	4⅜	4½	4½	
BullRGd			811	1⅞	1¾	1⅞	
BurnpS			4354	22⅝	21	21⅞	— ¼
BurrBr			545	13½	12¼	13	— ¼
Burrit			190	21	20½	21	
ButlrMf	1.40	3.5	579	41½	40¼	40¼	—1¼
Bytex			1150	8¾	8¼	8¾	+ ⅛

(Continued on next page)

Suez to Cut Générale Stake to 66%

Reuters

PARIS — Compagnie Financière de Suez SA plans to cut its stake in Société Générale de Belgique to 66 percent from 78 percent, Renaud de la Génière, the Suez chairman said.

In an interview on Saturday with Le Figaro, a French daily newspaper, Mr. de la Génière said that he believed that "we can get rid of about 12 percent of SGB's capital."

Suez and its Belgian allies hold about 78 percent of Société Générale's capital. Suez won control of the giant Belgian holding company last June after countering a hostile takeover bid for the company by Carlo de Benedetti, the Italian industrialist.

Mr. de la Génière said that the bitter takeover battle had relatively little effect on Suez's profitability.

He disclosed in the interview that Suez will report an increase in consolidated net profit of about 28 percent for 1988.

"There will be no dilution in the net earnings per share in 1988," he said in the interview. "This can be explained quite simply. On average, the number of Suez shares only rose about 26 percent, slightly less than our profits."

He said the French banking group's profit will be "around 2.7 billion francs" ($405.2 million). Suez's consolidated net profit in 1987 totaled 2.1 billion francs, down from 1986's 2.3 billion.

Mr. de la Génière also said that the Belgian conglomerate's profit for 1989 would be higher than expected. Générale has forecast a 12 billion francs ($290.8 million) profit for 1989.

TAIWAN: *An Underground Economy Is Thriving*

(Continued from first finance page)

57.6 percent in U.S. dollar terms and 19.1 percent in new Taiwan dollar terms since 1986, while the country's financial system stagnated under strict government controls. An over-regulated banking sector was caught ill-equipped to cope with the demands of Taiwan's rapidly developing economy.

"There is no outlet for people's money, neither in terms of investment nor quality of life and leisure activities," said a Chinese-American businessman living in Taipei.

The unregistered billions that nourish Taiwan's underground economy have also fueled inflation and accelerated money-supply growth above 25 percent earlier this year. In order to maintain monthly returns of 3 percent to 4 percent, the investment houses pour money into Taiwan's stock and property markets.

During the first quarter of this year, the Taiwan Stock Exchange index rose 121.8 percent, leading all world markets. Although the degree of stability has improved, the market is still notoriously volatile. Turnover one day last month approached a record $4 billion, about 5 percent of the total money supply.

Analysts say housing prices have jumped 60 percent nationwide since 1987 and as much as 100 percent in Taipei and other urban areas. The average cost of a housing unit is now 10 times the annual income of the average family.

So-called hot money, illegally remitted to Taiwan residents by overseas relatives and investors, has exacerbated the problem. Lee Kao-chao, director of research at the Council for Economic Planning and Development, estimates that $80 billion in hot money entered Taiwan in 1987 alone.

In order to process illegal transactions, the underground houses form "joint ventures" with Hong Kong brokerages. One analyst said the Hong Kong brokers handle contracts worth more than $100 million from Taiwan every night.

Many of the underground investment groups originally had other forms. A securities analyst based in Taiwan said one giant group amassed a fortune through gray-market dealings, and invested it in legitimate businesses such as department stores and supermarkets. The group is now a joint venture partner in several hotel projects with a Hong Kong concern.

The underground economy imposes conflicting demands it on government regulators. Serious efforts to squelch the gray economy would require stricter enforcement of existing rules.

Until now, the government has chosen to ignore the underground economy, much as it ignores delinquent taxpayers or the burgeoning indirect trade between Taiwan and mainland China. But as speculative money pushes stock and property prices ever higher, many fear that the bubble is about to burst.

JITTERS: *Hong Kong Fears*

(Continued from first finance page)

closely linked to events on the mainland, since the British colony is scheduled to revert to Chinese sovereignty in 1997.

Few brokers and analysts were willing to estimate how many points investors would pare from the Hang Seng on Monday.

"I wouldn't be too optimistic about the 3,000-level holding up, that's for sure," one broker said.

"A lot could happen between now and Monday," another broker said Sunday. "It's very difficult to second-guess policy" in China.

Analysts said much of Friday's selling was local, but institutional investors were expected to join the sell-off forecast for Monday.

"If you are overweighted in Hong Kong, it might be a good time to reduce your weighting," said Mr. Gorges.

However, he and other brokers said fundamentals remained favorable on strong growth registered by local blue-chip stocks, coupled with low price/earnings ratios.

Last week, a buying spree on Monday boosted the Hang Seng by 31 points followed by a loss of 20 points Tuesday on profit-taking. Intensified political tension in China Wednesday caused the Hang Seng to lose a further 43 points. The loss was partly recovered Thursday in a 31-point gain.

Trading took a drastic turn Friday when nervous investors reacted to the statement by Prime Minister Li Peng of China that "chaos" reigned in the Chinese capital, which he said was in a state of "anarchy." Some brokers described the situation Friday as "a bloodbath." *(Reuters, AFP)*

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

Stock prices ended little changed in light trading last week, as domestic investors turned cautious in response to the surge of the dollar and to rising interest rates.

The all-share index finished the week at 187.4, up slightly from 186.8 the previous week, while the CBS index closed at 177.3, down from 178.8.

Total trading volume reached only 5 billion guilders, down from 7.2 billion the previous week. Equity trading totaled 2.8 billion guilders, compared with 3.3 billion guilders week earlier.

The brokerage Kempen & Co. predicted prices would head lower in continued light trading as company news becomes less of a supporting factor.

Frankfurt

Frankfurt stocks ended slightly higher last week although traders said market sentiment remained negative because of the strength of the dollar and worries about interest rates.

The DAX spot trend indicator closed Friday at 1,350.41 points, up 2.57 points from the previous Friday, and the Commerzbank indicator ended at 1,685, up 2.3 points.

Neither record West German trade surpluses nor good industrial performance was able to offset the Deutsche mark's relative weakness. But the tone improved after the Bundesbank kept interest rates unchanged on Thursday, dealers said.

Volume on the eight West German exchanges totaled 17.04 billion DM for the four sessions, up from 20.24 billion the previous week.

The energy, chemical and trading sectors were showed weakness. Veba, which bought 46 percent of the Feldmühle Nobel capital, lost 9.30 DM on the week, to finish at 281.70 DM. Feldmühle closed at 349.80, down 9.20.

London

Stock prices climbed to a post-collapse high last week with dollar-sensitive stocks leading the way.

The 100-share index climbed 69 points, to 2,204.7. Friday's gain of 27.4 points was the biggest one-day rise since early February.

The market shrugged off news Friday that British inflation rose to an 8 percent rate in April, the highest in seven years.

Best-performing sectors were dollar earners, encouraged by the currency's strength in the face of repeated intervention, and highway material suppliers, buoyed by a government announcement of a £6 billion annual increase in road spending for the next 10 years.

Food companies also posted strong gains after news of the sale of Goodman Fielder Wattie's near-30 percent stake in Ranks Hovis McDougall PLC to Sunningdale Holdings Ltd., owned by three of the world's best known corporate raiders: Sir James Goldsmith, Jacob Rothschild and Kerry Packer, along with the French bank Banque Paribas.

Milan

Milan stock prices were stable last week in heavy trading, despite threats of political crisis. The MIB index slipped to 1,014 from 1,017 the previous week, while the Comit indicator declined to 601.78 from 603.40.

Leading issues were generally changed little changed. Fiat eased 0.24 percent and Mediobanca dropped 0.72 percent, while Montedison edged 0.14 percent higher.

Dealers were were cautious because of political uncertainties and the dollar's strong uptrend, which they said might lead to new rises in interest rates in Italy.

Paris

Prices were little changed in listless trading as the CAC index finished the week at 460.3, just slightly below the 460.9 of the previous Friday.

Analysts said the dollar's strong showing had raised fears of higher interest rates in Japan and West Germany, though the markets were relieved by the Bundesbank's decision on Thursday not to raise rates.

An April rise in consumer prices of 0.6 percent to 0.7 percent, according to an initial government estimate, gave rise to fears of higher inflation, but analysts noted that higher oil prices were largely responsible for the increase.

Analysts said Wall Street's recent good performance gave rise to hopes of a better trend on the Bourse, which has suffered from lackluster investor interest and low trading volume recently.

Singapore

Stock prices rose in a holiday-shortened week, but early gains were trimmed late in the week by profit-taking.

The SES all-share index gained 2.79 points, to 350.58. The Straits Times industrial index rose past the 1,300-point level and touched a new post-collapse high of 1,310.02 on Tuesday before closing at 1,309.71, up 24.64 for the week.

Turnover for the week fell by 12 percent, to 382.4 million units, while value moved up 11 percent, to 760.2 million Singapore dollars.

Tokyo

Prices recovered marginally in lackluster trading, but investors stayed on the sidelines amid political uncertainty and the dollar's sharp rise against the yen.

The 225-blue chip Nikkei Stock Average reached the 34,000-yen mark for the first time in six sessions Friday to close at 34,001.96 yen, up 135.63 for the week. The broader-based Tokyo Stock Price Index fell 0.49 points over the week to 2,518.15.

Trading was extremely thin as many investors took a wait-and-see attitude on the search for a successor to Prime Minister Noboru Takeshita, who announced his resignation last month over a bribery scandal.

Brokers said investors had also stayed away because of the continued rise of the dollar, which reached 139 yen at one stage Thursday, its highest since October 1987. Speculation was rife that the Bank of Japan would raise its discount rate.

Average daily turnover shrank to 651.2 million shares from 915.8 million the previous week. Value of stocks traded fell to 862.68 billion yen from 1.24 trillion yen.

Analysts said institutions and non-Japanese investors were likely to remain on the sidelines for a couple of weeks, until a new prime minister is chosen.

Zurich

Zurich stock prices were also affected negatively by the dollar's surge, as the Crédit Suisse index eased to 558.8 from 561.6 the previous week, and the Swiss Bank Corp. indicator slipped to 590.8 from 595.3.

Analysts said that the dollar's strength was likely to lead to further drops in Swiss shares, which were just beginning to recover from the effects of the 1987 stock collapse.

Most Swiss stocks finished the week lower. Compagnie de Reassurance bearer shares fell 150 francs, to 10,100 francs. Nestlé bearer shared declined 45, to 7,320, and Sandoz bearer eased 25, to 10,700.

In the foreign sector, American stocks were firm, with IBM rising 9.5 francs, to 196 francs, General Electric gaining 9.25, to 93.25, and Exxon increasing 3.75, to 75.5.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

	Div.	Yld.	Sales in 100s	High	Low	Last	Chg.
StckYle	.18	.9	97	11¾	11½	11¾	+ ⅛
StockSy	.16e	1.5	154	11	10⅞	11	+ ¾
[illegible]							

Chicago Exchange Options

Figures as of close of trading Friday. May 19

Option & price		Calls		Puts	
[illegible]					

Total volume 862,901 Open interest 5,320,021 r—Not traded. s—None offered. o—Old.

American Exchange Options

Figures as of close of trading Friday. May 19

Option & price		Calls		Puts	
[illegible]					

Total volume 298,826 Open interest 2,832,145 r—Not traded. s—None offered. o—Old.

Continued on next page

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(Continued From Back Page)

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MONDAY SPORTS

No Ecstasy for Agassi in Rome As Mancini Scores 5-Set Upset

The Associated Press

ROME — Alberto Mancini overcame a penalty call on a key point and fought off a match point in the fourth set to outlast Andre Agassi in the final of the Italian Open men's tennis championship Sunday.

The powerfully built Argentine, seeded 11th, defeated the second-seeded American, 6-3, 4-6, 2-6, 7-6 (7-2), 6-1, at the Foro Italico.

In fashioning the victory, Mancini battled back from what seemed certain defeat in the fourth set after jumping out to an early lead in the match.

After winning the first set, Mancini had difficulty when the 19-year-old Agassi slowed down the game with "moon balls," long lofted shots to counter the Argentine's powerful forehand drives.

Agassi swept back and took the next two sets.

In the fourth set, Agassi scored what appeared to be the decisive break against Mancini when the umpire called a racket abuse penalty against the Argentine for tossing his racket.

Mancini had received an earlier warning for receiving coaching from the stands, so the second call cost him the point and loss of his service.

Serving for the match, Agassi went up 40-30, one point away from victory. But he netted a Mancini forehand to fall to deuce and the Argentine eventually broke serve.

Mancini won the tiebreak 7-2 with the help of a number of unforced errors by Agassi.

Andre Agassi resorted to "moon balls" after losing the first set.

Agassi, who has not won a tournament in 10 months, seemed to run out of steam. Mancini broke him three times in the fifth set, clinching the title on a deep forehand drive that left Agassi flatfooted at the baseline.

Mancini, who turned 20 Saturday, burst into tennis prominence earlier this spring when he defeated Mats Wilander and Boris Becker as he won the Monte Carlo Open, also a clay-court tournament. He is ranked 25th in the world.

He won $179,200, while Agassi took home $89,000.

■ Graf Over Sabatini

In Berlin, top-ranked Steffi Graf confirmed her supremacy in the world of women's tennis Sunday with a convincing 6-3, 6-1 victory over teen-age rival Gabriela Sabatini in the final of the German Open women's tennis tournament.

Graf, looking sharp in almost every rally, needed just 78 minutes to defeat third-ranked Sabatini at the Rot-Weiss tennis club and avenge a defeat at the hands of the Argentine in Florida last month.

"She played a perfect match then and I didn't," Graf said. "Today it was the other way around."

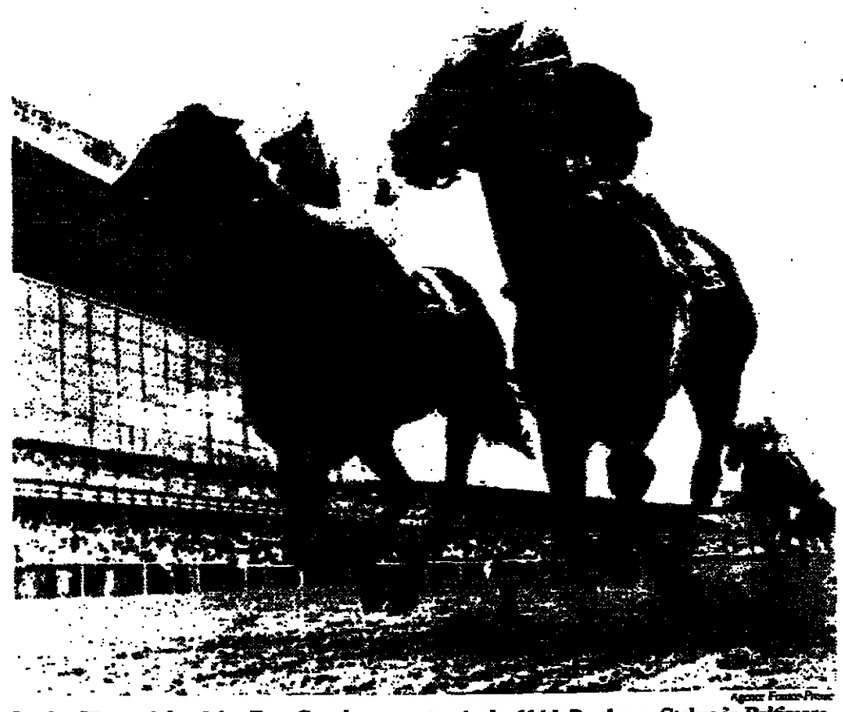
Graf earned $60,000 for her victory. Sabatini picked up $24,000.

Graf wasted little time imposing her hard-hitting game on Sabatini. She broke serve to lead 3-2 in the first set. Despite a strong breeze, the West German served superbly, giving up only six points on her serve in the 41-minute first set.

But Graf really stepped up her game in the second set, punishing any sloppy shots from Sabatini with her searing forehand. Graf broke serve twice in the second set — in the second and sixth games — and she also held a break point in game four.

Sabatini was clearly not as confident in her serve as Graf, mainly because each time she missed her first serve, the West German struck a powerful winner off her second serve.

"She played well, it was a good match for her," conceded Sabatini. "But I let her play like that. Mentally I wasn't in the match. Maybe I need a little rest."



Agence France-Presse

Sunday Silence, left, edging Easy Goer by a nose to win the 114th Preakness Stakes in Baltimore.

Sunday Silence Wins Again

Derby Winner Edges Easy Goer by a Nose in Preakness

By Steven Crist
New York Times Service

BALTIMORE — Sunday Silence, who raised more questions than he answered by winning the Kentucky Derby two weeks ago, proved himself beyond doubt by prevailing by a nose in a long-stretch duel with Easy Goer to win the 114th Preakness Stakes at Pimlico Race Course here on Saturday.

The winner had to survive a claim of foul by Pat Day, Easy Goer's rider, who alleged interference by Pat Valenzuela through the stretch. After reviewing the films for seven minutes, the stewards let the order of finish stand.

Sunday Silence's victory meant that he now can become racing's first Triple Crown winner since Affirmed in 1978 if he wins the Belmont Stakes in New York June 10.

A victory would bring him a total of $5 million in purses and bonuses for the three races. The rivalry between Sunday Silence and Easy Goer now seems the most genuine in racing since Affirmed and Alydar hooked up 11 years ago.

Sunday Silence scored a 2½-length upset victory over Easy Goer in the Derby.

Sunday Silence, let off as the second choice in a field of eight, ran the mile and three-sixteenths (1.9 kilometers) in 1:53 4-5 under Valenzuela over a fast track. It was the third-fastest Preakness ever.

Rock Point finished a distant third, with Dansili fourth.

The finish, almost too close to call, capped a race in which both favorites looked as if they would win easily at some point.

Houston made the pace, as he did in the Derby, but heading into the stretch turn, Easy Goer made a dramatic bid for the lead. He appeared ready to draw away and justify his 3-5 favoritism.

Then Sunday Silence, who had been forced to check briefly approaching the turn, came back with his own bid on the outside and seemed ready to swoop to the lead.

When they straightened away in the stretch, though, Easy Goer came back at Sunday Silence from the rail, and the two hooked up while racing head and head for the final furlong. They were in tight quarters, but neither colt appeared to be compromised.

"He crowded me a little bit coming off the turn and crowded me down the lane," Day said of Valenzuela. "It was good race-riding."

Shug McGaughey, Easy Goer's trainer, said after the race that his colt would try Sunday Silence a third time in the Belmont.

VANTAGE POINT/George Vecsey

The Case of the Cash, Or How Kentucky Got Unglued by the NCAA

New York Times Service

NEW YORK — Rick Pitino, coach of the New York Knicks, or any other basketball coach should be able to live with the penalties handed to the University of Kentucky on Friday.

Three years of probation? One year of suspension from television and two from post-season play? A $350,000 payback of tournament revenues? A limit on scholarships for a few years?

What hot-shot coach with a five-year contract could not handle that? If Pitino and his family really want to leave the bucolic charm of Manhattan to return to campus life, they could settle in the bluegrass while Kentucky's enemies enjoy rolling it up while the rolling is good.

Before you could say "country ham and biscuits and red-eye gravy," Kentucky would be back as one of the top basketball programs in the United States. Unless, of course, David Roselle, the relatively new president of Kentucky, is serious about cleaning it up.

Roselle had traveled around the state warning fans to expect a major penalty in the wake of the famous air-freight package scandal.

Rick Pitino of the Knicks may take over at Kentucky.

On Friday, he said he was "shocked" by the magnitude of the penalties, but it was no wonder that he added, "Our plans now are not to appeal." Who appeals survival?

Let's add it up. Twenty thousand Kentuckians do not have to give up going to Wildcat games next winter, and Eddie Sutton, the coach who was forced to resign, can work for any college that will have him.

The heaviest penalties handed down Friday by the National Collegiate Athletic Association went to two players and a former assistant coach who willingly exploited the system.

But Kentucky basketball fans are very sensitive people and will no doubt be severely chastened by the penalties imposed upon players Eric Manuel and Chris Mills and, to a lesser degree, on Dwayne Casey, the former coach.

For want of a nail, a kingdom was lost, according to the old saying. This is a story about a kingdom that was put on probation for want of some stickum.

Fifty-dollar bills, fluttering around an air-freight depot, formed the smoking gun in this case.

"This was not an argument between two people," said David Berst, the enforcement officer at the NCAA. "From the outset, everybody knew it was a serious issue."

The 20 Ulysses S. Grants were being shipped by Casey to the father of Mills, then a highly valued prospect in Los Angeles.

Now and then, a former player gets a little giddy and tells tales of friendly handshakes containing legal tender. But when the NCAA checks it out, it usually boils down to the word of a so-called pillar of the community against a former player with 80 college credits who is now parking cars or playing in the National Football League.

THIS WAS real stuff. The package was inaccurately addressed, and the flap may have been lifted open by an air-freight worker trying to find another address. Somehow a newspaper found out about the $1,000.

The NCAA concluded Friday that Casey had demonstrated a "knowing and willful" effort to violate regulations and later "provided false information to investigators about his role in rules violations."

While Mills is banned from ever playing for Kentucky, his pen pal resigned from the Kentucky staff at the same time Sutton resigned.

One aspect of the penalties is that if Casey were hired elsewhere, "we would call in that school and say that individual might be banned from certain activities for up to five years," Berst said.

Since Casey's strength was his recruiting, if he could not work off campus for five years, Berst said, "he probably would have to focus on some other aspect" of coaching.

Manuel is banned forever from NCAA play because he "committed academic fraud by cheating" on a college entrance exam and was allowed to compete during the 1987-88 season, the report said.

The school is not disputing any of the penalties, which may be one of the "mitigating circumstances" to which Berst alluded.

Roselle, a mathematician who was provost at Virginia Tech until taking the Kentucky job nearly two years ago, spent $350,000 on an independent probe of the basketball program. By cooperating with the NCAA, he kept the program alive.

Behind his back, there is an entire state full of boosters eager to help Kentucky back to its accustomed level.

Now Kentucky has the leeway to pursue a major head coach. Has anything changed? Well, maybe. The university is rumored to be switching air-freight companies.

SIDELINES

Rafferty Captures Italian Open Golf

MONTICELLO, Italy (AP) — Ronan Rafferty of Northern Ireland won the 550,000 Italian Open golf tournament Sunday, edging former champion Sam Torrance by a stroke.

Rafferty began the final round four strokes behind Torrance, tied for sixth with pre-tournament favorite Severiano Ballesteros of Spain and Robert Lee on England. But Rafferty rallied with a sizzling 7-under-par 65 to earn the $70,000 first prize. *(See Scoreboard)*

Hernandez Out

NEW YORK (AP) — Keith Hernandez, the New York Mets first baseman, says his broken right kneecap probably will keep him out of the lineup for more than two months. He was injured Wednesday in a collision at second base.

Rose Seeks Delay

NEW YORK (NYT) — Lawyers representing Pete Rose have requested a 30-day extension of the hearing into his activities, and A. Bartlett Giamatti, the baseball commissioner, is to respond Monday. Rose, manager of the Cincinnati Reds, was scheduled to appear before Giamatti next Thursday.

Soccer Sanctions

LONDON (AP) — English soccer authorities pledged Saturday to punish about 20 fans whose racial slurs and obscene chants directed at English defender Paul Parker, who is black, marred the England "B" team's 2-0 exhibition victory Friday over Iceland's national squad in Reykjavik.

"We are already taking steps to identify the people involved through their flight tickets, and their names will be put onto our 'blacklist' if they are not already there," said Glen Kirton, a spokesman for the Football Association.

For the Record

Danny Sullivan, who broke his right forearm when he crashed during practice May 11, qualified on Saturday for the Indianapolis 500, set for May 28. *(AP)*

Stuart Bouvier of Australia shot a one-under-par 71 on Sunday to win the Malaysian Amateur Golf Championship by five strokes in Kuala Lumpur. *(AP)*

France came from seven points behind to beat the Soviet Union in rugby Saturday night, 18-16. The annual match was played in Valence, France. *(AFP)*

FC Mechlin, the Belgian soccer team, announced Sunday that it had signed former Dutch international defender Ruud Krol to his first-ever job as a coach. The previous coach, Aad De Mos, announced in April he would move to Mechlin's main rival, Anderlecht, next year. *(AP)*

Sparky Anderson, 55, manager of the Detroit Tigers, was resting at his home in California on Saturday, a day after he was diagnosed as suffering from exhaustion and was told by a team doctor to take some time off. *(AP)*

Quotable

● Relief pitcher Dan Quisenberry of the St. Louis Cardinals: "I'm just a garbage man. I come in and clean up other people's messes." *(LAT)*

For Liverpool, a Somber Victory in FA Cup Final

The Associated Press

WEMBLEY, England — Ian Rush was brilliant. But the deaths of 95 fans last month made Liverpool's 3-2 victory over Everton on Saturday in the Football Association Cup final a somber event.

Before the game, in a tribute to those who died at Hillsborough Stadium in Sheffield, Gerry Marsden, a former pop star from Liverpool, sang the Liverpool soccer anthem, "You'll Never Walk Alone."

Marsden said he sang "for the 95 who died at Hillsborough, for those badly injured who could not be here today, and for Evertonians and Liverpudlians who helped us after the terrible disaster."

Deafening applause to Marsden's tribute from both sides of the stadium gave way to quiet as the crowd observed a minute of silence in memory of those who died in the crush of fans at the FA Cup semifinal between Liverpool and Nottingham Forest.

Liverpool and Everton, crosstown rivals along the Mersey River, then went out and played one of the more spectacular finals ever.

John Aldridge gave Liverpool the lead in the fourth minute but Stuart McCall's dramatic rebound goal with about five seconds left forced the game into overtime.

Rush, who replaced Aldridge in the 73d minute, gave the Reds the lead in the 95th, only to see McCall equalize in the 104th. Rush then put Liverpool ahead for good a minute later with a header as Liverpool won its fourth cup.

At the final whistle, hundreds of jubilant Liverpool fans streamed onto the field despite pleas from the public address announcer.

But with Wembley's perimeter fencing removed following the Hillsborough crush, the fans had easy access to the players in an outpouring of emotion.

The fans prevented the Liverpool team from taking the cup on the traditional lap of honor. But there were no reports of injuries in what appeared to be a spontaneous gesture of celebration rather than a violence-related act.

Liverpool dominated most of the action. The Everton goalkeeper, Neville Southall, made a brilliant double-save on shots by Peter Beardsley early in the second half and John Barnes, who created most of Liverpool's chances and ended a 40-yard (36-meter) run by shooting just wide.

McCall tied it just as time was about to expire, when the Liverpool goalkeeper, Bruce Grobbelaar, bobbled a shot and McCall kicked it into the corner of the net.

With Everton swarming at the start of overtime, Rush scored a spectacular goal, trapping the ball with his chest, swiveling to his left and beating Southall to the upper right corner.

■ Fences to Return

English soccer authorities are to restore perimeter fencing at Wembley after the cup final was marked by several invasions of the field by fans, Reuters reported from London.

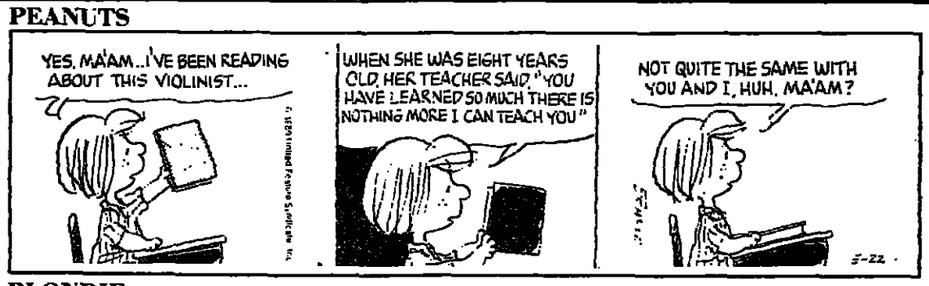
Les Walker, the head of security for the Football Association, said the fences would return.

"There were special circumstances for this game and I think we just about got away with it," he said. "Really we could not win. If the fences had been there and there had been a minor incident we would have been criticized."

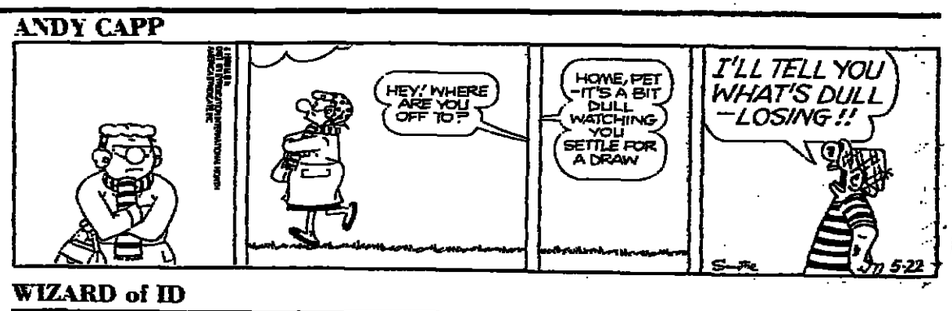
DENNIS THE MENACE

"CAN I STAY OVER HERE FOR A FEW DAYS? MY DAD IS TRYIN' TO GIVE UP SMOKING."

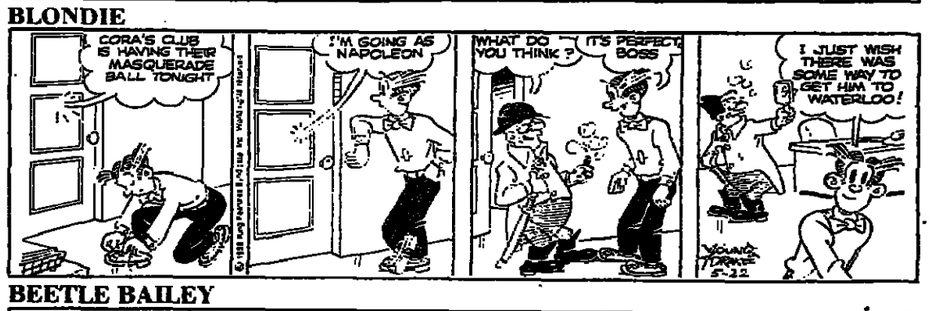
PEANUTS



ANDY CAPP



BLONDIE



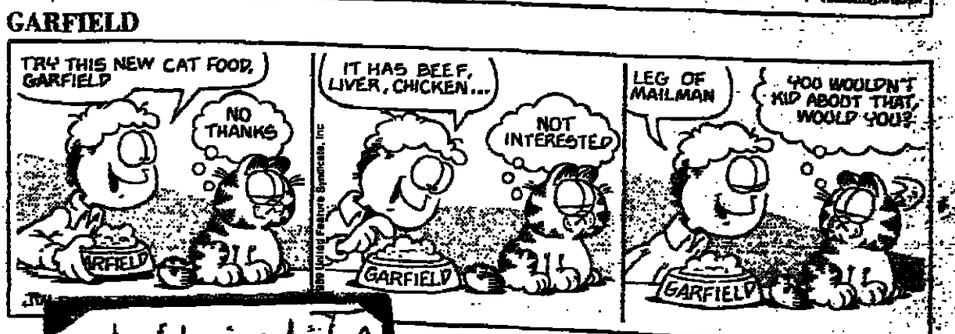
WIZARD of ID

BEETLE BAILEY

REX MORGAN

DOONESBURY

GARFIELD



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

IGSEE

HESOW

GOBUTH

ENPOTT

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: _____

(Answers tomorrow)

Saturday's Jumbles: ENJOY PRIME SPLICE THORAX
Answer: Is this the best lubricant for furniture wheels?—"CASTER" OIL

The Global Newspaper.

MONDAY SPORTS

Jeltz Pops a Homer, His First Since '84, In Phillies' Victory

Compiled by Our Staff From Dispatches

Steve Jeltz hit a two-run homer in the eighth inning to snap a tie as the Philadelphia Phillies beat San Diego, 3-1, on Sunday in Philadelphia and halted the Padres' five-game winning streak.

It was only Jeltz's second career home run, his first coming on Sept. 23, 1984. Jeltz went 1,357 at-bats before hitting No. 2.

Phillies starter Bob Sebra, who was recalled from Class AAA Scranton-Wilkes Barre of the International League on May 17, allowed one run and seven hits in eight innings. Sebra struck out eight and walked none. Steve Bedrosian got the last three outs for his fourth save.

SUNDAY BASEBALL

Pinch-hitter Curt Ford led off the eighth with a single. Jeltz fouled off a sacrifice attempt before hitting a 2-2 pitch from Walt Terrell over the right-field fence. It was the first homer off San Diego pitching in 70 innings.

Ricky Jordan hit into a force play in the Phillies fourth, moved to second on Darren Daulton's single and scored on Dickie Thon's single to make it 1-1.

The Padres took a 1-0 lead in the first when Roberto Alomar singled with one out, stole second, moved to third on Tony Gwynn's single and scored on Jack Clark's grounder to shortstop.

Expos 3, Dodgers 1: In Montreal, Bryn Smith pitched a four-hitter and Hubie Brooks and Mike Aldrete hit consecutive run-scoring doubles in a three-run fourth inning to lead Montreal.

Smith struck out nine and walked one as the Expos snapped a five-game losing streak.

Cardinals 6, Braves 1: In Atlanta, Tom Brunansky scored the go-ahead run on an error by third baseman Ron Gant, triggering a five-run 10th inning for St. Louis.

Brunansky led off the 10th with a walk off reliever Jose Alvarez. Jose Oquendo singled Brunansky to third, knocking out Alvarez. Reliever Paul Assenmacher then got pinch-hitter Jim Lindeman to hit a grounder to third. Gant misplayed the ball for a two-base error, Brunansky scoring and Oquendo advancing to third.

Tony Pena was intentionally walked to load the bases and Ozzie Smith followed with an infield hit to score Oquendo. Vince Coleman batted for reliever Frank DiPino and singled home a run. Willie McGee capped the inning by singling home Pena and Smith.

Reds 7, Cubs 2: In Cincinnati, Eric Davis collected four hits and three RBIs, helping the Reds snap Chicago's five-game winning streak.

Rick Mahler struck out six and walked three in pitching his third complete game. The Reds batted around in the fourth inning, scoring four runs to take a 4-0 lead.

Tigers 4, Royals 2: In the American League, in Detroit, Fred Lynn had three hits, including a two-run double, to spark the Tigers to their first three-game sweep this season.

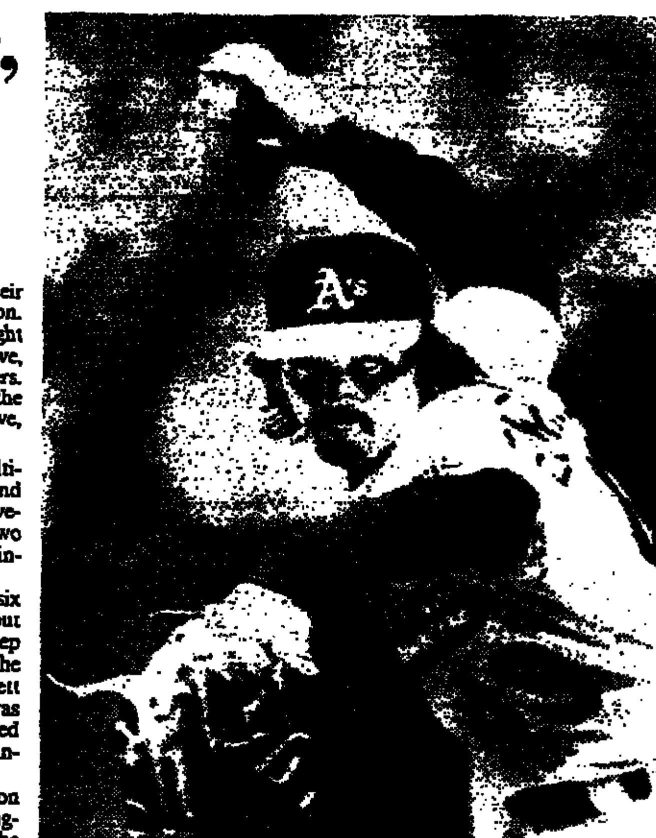
Paul Gibson, 2-3, allowed eight hits in 6⅓ innings, struck out five, walked one and hit two batters. Guillermo Hernandez pitched the final 2⅔ innings for his eighth save, striking out four.

Indians 2, Orioles 0: In Baltimore, Rich Yett, Scott Bailes and Doug Jones combined on a five-hitter and Cleveland scored two unearned runs in the second inning.

Yett gave up three hits in six innings, walked two and struck out one. He strained his right tricep while pitching to Joe Orsulak, the final batter of the sixth inning. Yett finished the inning but then was replaced by Bailes, who allowed two hits in 1⅓ innings. Jones finished for his ninth save.

Felix Fermin reached first on third baseman Craig Worthington's throwing error to open the third, the first error for the Baltimore infield since Worthington had a throwing error on April 30.

(AP, UPI)



Oakland's ace reliever, Dennis Eckersley, pitching against Boston on Saturday, when he came on in the eighth to record his 13th save.

Martin Jeong/Reuters-UPI

Stewart Works Out of an Early Jam And Wins No. 8 to Lead the Majors

Compiled by Our Staff From Dispatches

Dave Stewart became the first pitcher in the major leagues to win eight games for the second season in a row, working out of a first-inning jam and holding the Boston Red Sox to six hits in 7⅓ innings in Oakland on Saturday as the Athletics won, 6-3.

Dennis Eckersley, bouncing back after giving up a grand slam to Dwight Evans on Friday night, got the last four outs for his 13th save.

SATURDAY BASEBALL

Stewart's record, however, is not as good as it was last year, when he posted a 21-12 record and won his first eight. This year, the 8-1 record probably is more of an accomplishment, mainly because Jose Canseco has not played, taking away much of Oakland's punch.

Mike Greenwell's single in the first inning had driven in a run, and there were Boston runners on first and third with one out. Stewart speared Danny Heep's shot up the middle. Instead of going home, he wheeled to second to start the inning-ending double play.

Mike Gallego and Terry Steinbach homered for the Athletics, and Dave Parker drove in two runs with a pair of singles. Eckersley came in with the bases loaded in the eighth — the same situation as the night before — but disposed of Rich Gedman on a ground-out.

Twins 19, Rangers 3: In Arlington, Texas, Randy Bush tied a club record and set a career high with eight RBIs, six on a pair of three-run homers, as Minnesota pounded the Rangers.

Greg Gagne and John Moses added homers as the Twins set season-highs for runs and hits (20) and fell one run short of their all-time single-game run-scoring record. The Twins matched Cincinnati for the major league season high in runs and fell one short of the Reds' 21 hits. Cincinnati set both marks on May 1 against Montreal.

Orioles 5, Indians 1: In Baltimore, Jeff Ballard, off to the best start by a Baltimore pitcher since 1976, allowed four hits in 7⅔ innings against Cleveland for his seventh victory. Joe Orsulak had two hits and scored twice for Baltimore.

Tigers 2, Royals 1: In Detroit, Alan Trammell led off the ninth inning with his second home run of the season, giving Detroit its ninth straight victory over Kansas City at Tiger Stadium.

Blue Jays 11, White Sox 1: In Chicago, Ernie Whitt had four hits, including a three-run homer, and drove in four runs and Lloyd Moseby added three RBIs for Toronto.

Mariners 6, Yankees 4: In Seattle, Ken Griffey Jr. hit a three-run home run in the seventh inning off reliever Dale Mohorcic, rallying the Mariners past New York.

Brewers 5, Angels 3: In Anaheim, California, B.J. Surhoff's three-run homer snapped a 2-2 tie in the eighth inning as Milwaukee triumphed.

Giants 3, Mets 0: Will Clark and Kevin Mitchell hit consecutive fourth-inning home runs, leading San Francisco past the Mets in a National League game in New York. It was the third shutout against the Mets this season.

Astros 5, Pirates 4: In Houston, Rafael Ramirez homered in the eighth and hit a game-winning RBI single in the 12th after Pittsburgh's Bobby Bonds tied the game with an RBI double in the ninth.

Dodgers 3, Expos 2: In Montreal, Orel Hershiser allowed six hits in nine innings to win for the third time in four starts and Mike Scioscia hit a run-scoring single in the 10th inning.

Cubs 7, Reds 3: In Cincinnati, Lloyd McClendon, a former Red, drove in three runs with a home run and a single as Chicago beat Cincinnati for its fifth straight victory.

Padres 3, Phillies 2: In Philadelphia, Carmelo Martinez hit a two-run triple and Garry Templeton homered as San Diego won its fifth straight.

Cardinals 1, Braves 0: In Atlanta, Terry Pendleton's run-scoring single with two outs in the 13th inning lifted St. Louis.

(LAT, AP)

Bulls Grab Game 1 From Pistons

Lakers Top Suns in the West For Playoff-Victory Record

The Associated Press

The Chicago Bulls squandered a 24-point lead, then rallied behind Michael Jordan, who scored 10 of his 32 points in the fourth quarter, and beat the Detroit Pistons, 94-88, in the first game of the NBA's Eastern Conference final on Sunday in Auburn Hills, Michigan.

Game 2 of the best-of-seven series will be Tuesday at Detroit, with Games 3 and 4 at Chicago.

Jordan, who entered the game as the leading scorer in the playoffs, averaged only 27.7 points against Detroit during the regular season.

NBA PLAYOFFS

The Bulls, in the conference finals for only the third time in the club's 23-year history, were 0-6 against the Pistons during the regular season. They also were 0-6 against Cleveland, but eliminated the Cavaliers in the first round.

It also was the third straight series in which the Bulls won the opening game on the road, beating Cleveland and New York earlier.

Detroit, which trailed by as many as 24 points in the second quarter, fought back to take a brief lead, 74-73, on a basket by Dennis Rodman with 8:33 remaining. But Scottie Pippen's basket 19 seconds later put the Bulls ahead for good.

The Pistons, riding a club record 12-game winning streak and a 25-game streak at home, had beaten the Bulls in their previous nine meetings, including five at Chicago.

SATURDAY

Lakers 127, Suns 119: In Inglewood, California, in the opener of the Western Conference final series, James Worthy scored 32 points and Magic Johnson returned midway through the fourth quarter, sparking Los Angeles past Phoenix.

Johnson left with 4:07 remaining in the third quarter after being called for his fifth foul. He returned with just over seven minutes left in the fourth quarter.

Johnson made a long jumper with 7:03 remaining to put the Lakers ahead for good at 101-100. He then had three assists and made a layup with 3:37 left, giving Los Angeles a 111-106 lead.

He fouled out with just over two minutes left, finishing with 18 points.

Eddie Johnson of Phoenix then scored, pulling the Suns to within five points, 116-111. But Orlando Woolridge completed a three-point play with 1:35 remaining to widen the Lakers' lead to eight.

It was the Lakers' 10th consecutive playoff victory over two seasons, an NBA record. The second game of the series is scheduled for Tuesday in California.

Los Angeles led 91-89 after three quarters, but the Suns went ahead for the first time since early in the game at 92-91 when Kevin Johnson made a three-point play nine seconds into the fourth quarter. The Lakers regained the lead on Mychal Thompson's layup and Worthy's dunk.

Phoenix got its last lead at 100-99 on Eddie Johnson's scoop shot from the key.

Magic Johnson then returned for the Lakers and made a 17-footer. Kareem Abdul-Jabbar dunked for a 103-100 lead before Magic Johnson assisted on two baskets by Scott and one by Woolridge for a 109-104 margin.

FRIDAY

Bulls 113, Knicks 111: In Chicago, Michael Jordan's two free throws with four seconds left, following Trent Tucker's game-tying four-point play, gave Chicago the victory over New York.

Jordan climaxed a brilliant playoff series with 40 points, including eight straight free throws in the final 1:18.

The Bulls also got 16 points and eight rebounds from Bill Cartwright and 19 points from Scottie Pippen before he was ejected for a third-quarter fight with New York's Kenny Walker.

New York was led by 22 points each from Mark Jackson, Gerald Wilkins and Patrick Ewing, who added 13 rebounds, but was outplayed by Cartwright, whom he replaced in the Knicks pivot.

Tucker brought the Knicks into a tie at 111-111 with six seconds left, hitting an off-balance three-point basket with Chicago's Craig Hodges draped all over him and converting a four-point play by sinking the ensuing free throw.

Chicago called timeout and Jordan cut to the sideline for the inbounds pass, then slanted to the middle and was fouled shooting a 15-footer. The foul was Wilkins's sixth and Jordan calmly sank both.

Johnny Newman missed a three-pointer at the buzzer.

The Bulls opened the fourth period with an 86-79 lead and matched that seven-point spread only once more — at 3:33 after Horace Grant slammed a pass from Cartwright and added a free throw for a three-point play.

New York gained its first tie of the second half at 103-103 two minutes later on a layup by Ewing. But Jordan responded with four free throws around John Paxson's jumper, then added two more with nine seconds left for a 111-107 lead that Tucker erased.

Reed Saxon/The Associated Press

Magic Johnson of the Lakers gets one up on Tyrone Corbin of Phoenix in the first half on Saturday. Johnson scored 18 points.

Sacramento Wins NBA Draft Lottery; Top Pick Uncertain

Compiled by Our Staff From Dispatches

NEW YORK — The Sacramento Kings won the National Basketball Association lottery on Sunday and will choose first in the college draft on June 27.

The Kings, who finished sixth in the two previous lotteries in which they participated in 1985 and 1987, had their envelope drawn last out of a hamper containing envelopes for each of the nine teams. The Kings finished the season with a 27-55 record.

Gregg Lukenbill, managing general partner of the team, unveiled a Kings jersey with No. 1 on the front and a big question mark on the back, symbolizing the uncertainty of the best college player in the draft.

He said that Bill Russell, general manager of the team, likes Glenn Rice, who led Michigan to the National Collegiate Athletic Association title in April.

Following the Kings in the draft will be the Los Angeles Clippers, who won last year's lottery and selected Danny Manning of Kansas first.

The San Antonio Spurs, who picked David Robinson of Navy after winning the 1987 lottery, will be third.

After the Kings, Clippers and Spurs will be Miami, Charlotte, Chicago, Indiana, Dallas and Washington.

In the lottery, picks one, two and three went to the teams whose randomly chosen envelopes were picked last from a drum. The remaining six will pick in order of their regular-season finish, starting with the team with the worst regular season record.

In addition to Rice, other potential No. 1 picks include Danny Ferry of Duke, Sean Elliott of Arizona, Stacey King of Oklahoma, J.R. Reid of North Carolina and Pervis Ellison of Louisville.

The Washington Bullets, whose general manager is Bob Ferry, Danny Ferry's father, hoped to get in the top three for a chance to draft the Duke star.

But as the non-playoff team with the best record, the Bullets had to settle for the ninth pick when they were not drawn in the top three.

The two expansion clubs, Miami and Charlotte, which have the two worst records in the league, were assured of no worse than the fourth and fifth picks unless their envelopes were drawn in the top three.

(AP, NYT)

Canadiens Lead Series After Overtime Victory

The Associated Press

MONTREAL — A short shot by Montreal's Ryan Walter won the longest game in a Stanley Cup final series in 58 years.

Walter's goal at 18:08 of the second overtime, just as a Montreal power play was ending, lifted the Canadiens to a 4-3 victory over the Calgary Flames and a 2-1 lead in the best-of-seven series.

STANLEY CUP: GAME 3

The game, which ended early Saturday morning, was the longest in the final round since 1931, when Chicago beat Montreal, 3-2, in a game that lasted 13:50 into the third overtime.

"We won a war out there," said Pat Burns, the Montreal coach.

"We worked our hearts out," said Terry Crisp, the Calgary coach. "We owe them one and we'll get it back."

Walter, stationed just outside the crease, rammed Stephane Richer's centering pass from behind the net past Mike Vernon just before being flattened by Calgary's Hakan Loob. It came exactly two minutes after Tim Hunter was sent off for boarding, setting up the first power play in overtime.

Burns said his team's stamina was critical to the victory.

"All the practices that the guys complained were so tough made a difference," he said. "All the guys are in good physical condition."

That included Richer, who sped down the left side, went behind the net and fed the puck to Walter.

"We made a slight mistake at the end," Crisp said. "We almost had the penalty killed off. Our guys are not down."

Montreal's Mats Naslund sent the game into overtime with 41 seconds left in the third period with his fourth playoff goal. Montreal dominated both extra periods, outshooting Calgary 12-5 in the first overtime and 6-4 in the second.

Doug Gilmour's eighth playoff goal had put the Flames on top 3-2 with 6:58 left in regulation time.

AP

Ryan Walter: the winning goal.

Mike McPhee gave Montreal a 1-0 lead 1:32 into the game. Joe Mullen, who has 13 playoff goals, tied the game with 2:45 left in the first period and put the Flames in front with a power-play goal with 4:25 remaining in the second. Bobby Smith tied the game at 1:36 of the third period.

Naslund tied the game while Patrick Roy, the Calgary goalie, was out of the net for an extra skater.

Brian Skrudland passed the puck from deep in Calgary's right corner into the slot. The Flames defenseman Brad McCrimmon got to it, but his clearing pass was weak.

Naslund stopped it about 40 feet (12 meters) out and put a slap shot into the corner of the net.

Smith had tied the game at 2-2 with his 10th goal on a pass from Naslund in the left circle. The puck hit McCrimmon's stick and went to Smith, who was alone at the right corner of the crease. He put the puck into the open side of the net, beating Vernon's dive.

A Soviet Team Balks at Playing Hockey in Buffalo

United Press International

BUFFALO, New York — A scheduled exhibition game between the Buffalo Sabres of the National Hockey League and a team from the Soviet Union is in jeopardy, mainly because of the defection of a Soviet hockey player, Alexander Mogilny, according to a report published Sunday.

The Buffalo News, quoting sources within Hockey Canada, the organization that presents NHL-Soviet tours, said the Soviets had expressed an unwillingness to play the Sabres.

"They want the money but they let it be known they did not want to play the Sabres," the newspaper quoted a source as saying. "They made that very clear. They don't want to play Buffalo, they don't want to play in Buffalo and it's because of the Mogilny thing."

John Ziegler, the NHL president, has declined to comment on the matter. A Soviet team is slated to play in Buffalo on Jan. 3 as part of a tour of 21 NHL cities.

Earlier this month, Mogilny, 20, who is considered by many to be one of the top amateur players in the world, left the Soviet national team in Sweden after it had won the world championships and defected to the United States.

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday)

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Boston	19	20	.487	—
Cleveland	19	21	.475	½
Baltimore	18	20	.474	½
New York	19	22	.463	1
Milwaukee	17	23	.425	2½
Toronto	16	25	.390	4
Detroit	15	24	.385	4

West Division

	W	L	Pct.	GB
Oakland	28	14	.667	—
California	27	15	.643	1
Kansas City	25	16	.610	2½
Texas	22	17	.564	4½
Seattle	23	20	.535	5½
Minnesota	18	22	.450	9
Chicago	17	24	.415	10½

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
New York	22	17	.564	—
Chicago	22	18	.550	½
St. Louis	21	19	.525	1½
Montreal	20	22	.476	3½
Philadelphia	16	22	.410	6
Pittsburgh	15	24	.385	7

West Division

	W	L	Pct.	GB
Cincinnati	22	18	.550	—
San Francisco	22	19	.537	½
San Diego	23	21	.523	1
Los Angeles	20	19	.513	1½
Houston	21	20	.512	1½
Atlanta	19	23	.452	4

Friday's Results

AMERICAN LEAGUE

Kansas City 000 000 000—0 5 0
Detroit 000 000 002—2 4 0
Saberhagen and Boone; Alexander, Williams (6), Henneman (8) and Nokes. W—Henneman, 1-0. L—Saberhagen, 3-4. HR—Detroit, Whitaker (10).

Cleveland 020 000 200—4 7 0
Baltimore 100 000 000—1 7 0
Candiotti, Jones (8) and Allanson; Bautista, Thurmond (8), Olson (9) and Melvin. W—Candiotti, 5-2. L—Bautista, 2-4. Sv—Jones (8). HRs—Cleveland, Jacoby 2 (6).

Toronto 100 033 101—9 11 2
Chicago 210 000 000—3 8 0
Flanagan, Ward (8) and Whitt; King, Rosenberg (6), McCarthy (7), Patterson (7), Thigpen (9) and Karkovice. W—Flanagan, 3-3. L—King, 4-4. HRs—Toronto, Fernandez (2), Gruber (4), McGriff (9).

Minnesota 010 001 000—2 8 0
Texas 001 012 00x—4 9 1
Viola and Laudner, Mercado (8); Moyer, McMurtry (6), Rogers (6), Guante (7), Russell (9). W—Rogers, 2-0. L—Viola, 2-6. Sv—Russell (6). HRs—Texas, Sierra (5), Franco (6).

New York 014 000 130—9 12 0
Seattle 120 000 200—5 9 2
Hawkins, Guetterman (7) and Slaught; Hanson, Reed (5), Powell (7), Jackson (7) and Valle. W—Hawkins, 4-5. L—Hanson, 4-3. Sv—Guetterman (6). HRs—New York, Brower (2). Seattle, Bradley (1).

Milwaukee 000 000 100—1 7 0
California 000 001 11x—3 8 0
Clutterbuck, Krueger (7), Crim (8) and O'Brien; Finley and Parrish. W—Finley, 6-2. L—Clutterbuck, 1-1. HR—California, White (5).

Boston 001 000 011 4—7 10 1
Oakland 000 100 002 1—4 10 1
Boddicker, Smith (8), Stanley (9) and Gedman; Moore, Nelson (8), Honeycutt (10), Eckersley (10), Cadaret (10) and Hassey. W—Stanley, 1-2. L—Nelson, 1-1. HR—Boston, Evans (5).

NATIONAL LEAGUE

Chicago 000 430 100—8 12 2
Cincinnati 101 000 000—2 6 1
G.Maddux and Berryhill; Jackson, Birtsas (5), Tekulve (6), Dibble (8), Charlton (9) and Reed. W—G.Maddux, 2-5. L— Jackson, 2-7.

San Diego 300 120 200—8 12 0
Philadelphia 000 020 000—2 10 2
Whitson and Santiago; McWilliams, M.Maddux (5), Harris (7), O'Neal (9) and Daulton. W—Whitson, 6-2. L—McWilliams, 2-3.

Los Angeles 000 003 500—8 11 1
Montreal 000 000 000—0 3 0
Belcher and Scioscia; K.Gross, Frey (8) and Fitzgerald. W—Belcher, 3-4. L—K.Gross, 4-3. HR—Los Angeles, Hamilton (2).

St. Louis 000 000 011—2 4 1
Atlanta 200 000 001—3 10 0
Hill, DiPino (8), Quisenberry (9) and Pena, Pagnozzi (8); P.Smith, Boever (9) and Benedict. W—Boever, 2-1. L—Quisenberry, 1-1.

Pittsburgh 000 000 000—0 1 0
Houston 000 002 01x—3 4 1
Walk, Kipper (8) and Ortiz, Prince (8); Scott and Biggio. W—Scott, 6-2. L—Walk, 4-3.

San Francisco 100 100 000 0—2 8 2
New York 000 101 000 1—3 4 1
D.Robinson, Brantley (7), Lefferts (9), Gossage (10) and Kennedy, Manwaring (9); Cone, Myers (9) and Sasser, Lyons (10). W—Myers, 4-1. L—Lefferts, 1-2. HRs—San Francisco, Riles (2). New York, Strawberry (10).

Saturday's Results

AMERICAN LEAGUE

Boston 100 000 020—3 7 2
Oakland 321 000 00x—6 8 0
Gardner, Price (2), Smithson (8) and Gedman; Stewart, Eckersley (8) and Steinbach. W—Stewart, 8-1. L—Gardner, 1-4. HRs—Oakland, Gallego (1), Steinbach (2).

Toronto 202 001 060—11 18 0
Chicago 000 100 000— 1 5 2
Key, Henke (9) and Whitt; Hillegas, Reuss (7), Segura (8), Patterson (8) and Karkovice. W—Key, 5-2. L—Hillegas, 1-5. HR—Toronto, Whitt (1).

Cleveland 000 000 010—1 5 1
Baltimore 020 000 30x—5 6 0
Farrell, Stoddard (7), Orosco (8) and Allanson; Ballard, Olson (8) and Tettleton. W—Ballard, 7-1. L—Farrell, 2-4.

Kansas City 001 000 000—1 8 1
Detroit 000 001 001—2 6 0
Bannister, Gordon (6) and Boone; Tanana, Henneman (8) and Heath. W—Henneman, 2-0. L—Gordon, 4-2. HR—Detroit, Trammell (2).

Minnesota 130 002 274—19 20 1
Texas 010 010 100— 3 9 0
Smith, Berenguer (7), Wayne (8) and Harper; Witt, McMurtry (7), Arnsberg (8), Kunkel (8) and Petralli, Stanley (8). W—Smith, 3-1. L—Witt, 3-4. HRs—Minnesota, Gagne (2), Moses (1), Bush 2 (4). Texas, Franco (7), Kunkel (3), Buechele (4).

New York 001 021 000—4 13 2
Seattle 120 000 30x—6 10 2
LaPoint, Mohorcic (7) and Geren; Dunne, Trout (7), Schooler (8) and Valle. W—Trout, 4-2. L—LaPoint, 5-2. Sv—Schooler (11). HRs—New York, Geren (1). Seattle, Griffey (5).

Milwaukee 010 000 040—5 12 0
California 100 000 110—3 10 1
August, Crim (8), Plesac (8) and Surhoff; Blyleven, Harvey (8), Fraser (8) and Parrish. W—August, 3-5. L—Blyleven, 4-2. Sv—Plesac (8). HRs—Milwaukee, Deer (10), Surhoff (4). California, White (6), Parrish (4).

NATIONAL LEAGUE

Los Angeles 110 000 000 1—3 11 1
Montreal 000 010 001 0—2 7 1
Hershiser, Howell (10) and Scioscia; De.Martinez, Burke (8), Perez (10) and Fitzgerald. W—Hershiser, 6-3. L—Perez, 0-7. Sv—Howell (6). HR—Montreal, Raines (3).

San Francisco 000 201 000—3 5 0
New York 000 000 000—0 6 0
Krukow, LaCoss (6) and Manwaring, Kennedy (6); Ojeda, Aguilera (6), Aase (9) and Lyons. W—Krukow, 3-1. L— Ojeda, 1-5. Sv—LaCoss (4). HRs—San Francisco, Clark (7), Mitchell (13).

Pittsburgh 010 001 101 000—4 9 2
Houston 001 000 210 001—5 17 1
Drabek, Robinson (7), Kramer (9), Kipper (11) and Ortiz; Forsch, Darwin (6), Schatzeder (7), Andersen (8), Smith (9), Agosto (11) and Biggio. W—Agosto, 1-1. L—Kipper, 0-1. HR—Houston, Ramirez (2).

Chicago 013 201 000—7 13 0
Cincinnati 020 100 000—3 7 1
Kilgus, Perry (6) and Berryhill; Browning, Birtsas (4), Tekulve (6), Dibble (8) and Diaz. W—Kilgus, 4-4. L—Browning, 3-4. Sv—Perry (1). HRs—Chicago, Jackson (1). Cincinnati, McClendon (2), O'Neill (6).

San Diego 002 001 000—3 9 1
Philadelphia 100 001 000—2 6 0
Rasmussen, G.W.Harris (6) and Santiago; Carman, G.A.Harris (7), Bedrosian (9) and Lake, Daulton (7). W—Rasmussen, 2-4. L—Carman, 1-6. Sv—G.W.Harris (3). HR—San Diego, Templeton (2).

St. Louis 000 000 000 000 1—1 9 1
Atlanta 000 000 000 000 0—0 5 0
Terry, Kinzer (7), Carpenter (8), Dayley (11), Quisenberry (13) and Pena; Lilliquist, Alvarez (8), Assenmacher (10), Boever (11) and Benedict, Davis (11). W—Dayley, 3-1. L—Boever, 2-2. Sv—Quisenberry (2).

BASKETBALL

NBA Playoffs

FRIDAY'S RESULT

New York 31 30 18 32—111
Chicago 32 27 27 27—113
Chicago: Pippen 6-7 3-4 19, Grant 3-6 5-5 11, Cartwright 7-10 2-4 16, Hodges 6-11 0-0 15, Jordan 14-22 11-12 40, Corzine 0-2 0-0 0, Paxson 4-7 0-0 8, Davis 0-0 0-0 0, Vincent 0-0 0-0 0, Sellers 2-6 0-0 4. Totals 42-71 21-25 113.
New York: Newman 6-12 5-6 17, Oakley 1-2 4-6 6, Ewing 9-15 4-5 22, Jackson 5-8 9-11 22, G.Wilkins 9-22 4-4 22, Vandeweghe 1-2 0-1 3, Tucker 5-6 1-1 14, Green 0-1 1-2 1, Walker 0-1 0-0 0, Myers 0-0 0-0 0, Strickland 2-3 0-0 4, E.Wilkins 0-0 0-0 0. Totals 38-72 28-36 111.
Three-point goals: Pippen 4, Hodges 3, Jackson 3, Tucker 3, Vandeweghe, Jordan. Fouled out: G.Wilkins. Rebounds: New York 44 (Ewing 13), Chicago 31 (Cartwright 8). Assists: New York 30 (Jackson 12), Chicago 27 (Jordan 10). Total fouls: New York 24, Chicago 27. Technical: Sellers.

SATURDAY'S RESULT

Phoenix 24 25 30 40—119
L.A. Lakers 38 27 26 36—127
L.A. Lakers: Green 8-9 2-3 18, Worthy 13-22 6-7 32, Abdul-Jabbar 3-5 0-0 6, Ed.Johnson 6-13 6-7 18, Scott 8-16 8-8 24, Thompson 4-4 0-1 8, Cooper 3-7 1-2 8, Woolridge 4-6 5-6 13, Campbell 0-0 0-0 0. Totals 49-82 28-34 127.
Phoenix: Chambers 5-19 5-7 15, Corbin 6-7 1-1 13, West 3-4 0-0 6, Hornacek 8-12 4-4 20, K.Johnson 10-18 6-6 27, Ed.Johnson 6-16 0-0 13, Majerle 5-14 1-1 11, Gilliam 7-9 0-1 14. Totals 50-99 17-20 119.
Three-point goals: K.Johnson, Ed.Johnson, Cooper. Fouled out: Ed.Johnson. Rebounds: Phoenix 48 (Chambers 10), Los Angeles 43 (Green 10). Assists: Phoenix 35 (K.Johnson 18), Los Angeles 37 (Ed.Johnson 12). Total fouls: Phoenix 27, Los Angeles 24. Technicals: K.Johnson, Phoenix illegal defense.

CONFERENCE SEMIFINALS
(Best of 7)
EASTERN CONFERENCE
Chicago vs. New York
Chicago 120, New York 109, OT
New York 114, Chicago 97
Chicago 111, New York 88
Chicago 106, New York 93
New York 121, Chicago 114
Chicago 113, New York 111
(Chicago won series, 4-2)

CONFERENCE FINALS
(Best of 7)
Eastern Conference
Chicago vs. Detroit
Chicago 94, Detroit 88
(Chicago leads series, 1-0)
May 23: Chicago at Detroit
May 27: Detroit at Chicago
May 29: Detroit at Chicago
x-May 31: Chicago at Detroit
x-June 2: Detroit at Chicago
x-June 4: Chicago at Detroit
Western Conference
Phoenix vs. L.A. Lakers
L.A. Lakers 127, Phoenix 119
(L.A. Lakers lead series, 1-0)
May 23: Phoenix at L.A. Lakers
May 26: L.A. Lakers at Phoenix
May 28: L.A. Lakers at Phoenix
x-May 30: Phoenix at L.A. Lakers
x-June 1: L.A. Lakers at Phoenix
x-June 3 or June 4: Phoenix at L.A. Lakers
(x-if necessary)

TENNIS

ITALIAN OPEN
(In Rome)
Semifinals
Andre Agassi (2), U.S., def. Sergi Bruguera, Spain, 6-3, 6-4; Alberto Mancini (11), Argentina, def. Jordi Arrese, Spain, 6-2, 6-4.
Final
Mancini def. Agassi, 6-3, 4-6, 2-6, 7-6 (7-2), 6-1.

GERMAN OPEN
(In Berlin)
Semifinals
Steffi Graf, West Germany, def. Helen Kelesi, Canada, 6-2, 6-0; Gabriela Sabatini, Argentina, def. Isabel Cueto, West Germany, 6-2, 6-1.
Final
Graf def. Sabatini, 6-3, 6-1.

HOCKEY

Stanley Cup Final

FRIDAY'S STANLEY CUP RESULT

Calgary 1 1 1 0 0—3
Montreal 1 1 1 0 1—4
First Period: 1, Montreal, McPhee 4, 1:32. 2, Calgary, Mullen 12 (McCrimmon, Gilmour), 17:15. Penalties: Gilmour, Cal (hooking), :34; Chelios, Mon (high-sticking), :34; Ramage, Cal (high-sticking), 2:57; M.Hunter, Cal (roughing), 6:42; Ludwig, Mon (roughing), 6:42; Fleury, Cal (high-sticking), 7:10; Svoboda, Mon (roughing), 11:06; MacInnis, Cal (cross-checking), 11:39; Ludwig, Mon (elbowing), 12:07; Smith, Mon (slashing), 14:25; Patterson, Cal (roughing), 17:15; Desjardins, Mon (roughing), 17:15; MacInnis, Cal (unsportsmanlike conduct), 20:00; Skrudland, Mon (unsportsmanlike conduct), 20:00.
Second Period: 3, Calgary, Mullen 13 (MacInnis, Fleury), 15:35 (pp). Penalties: Carbonneau, Mon (hooking), :49; Macoun, Cal (holding), 4:04; McCrimmon, Cal (high-sticking), 6:15; Macoun, Cal (roughing), 6:58; Skrudland, Mon (roughing), 6:58; Skrudland, Mon (roughing), 14:25; Ramage, Cal (holding), 16:08; Murzyn, Cal (unsportsmanlike conduct), 19:00; Skrudland, Mon (unsportsmanlike conduct), 19:00.
Third Period: 4, Montreal, Smith 10 (Naslund, Svoboda), 1:36. 5, Calgary, Gilmour 8 (T.Hunter), 13:02. 6, Montreal, Naslund 4, 19:19. Penalties: MacInnis, Cal (high-sticking), 10:11; Corson, Mon (cross-checking), 10:11.
First Overtime: None. Penalties: T.Hunter, Cal (roughing), 11:38; Corson, Mon (high-sticking), 11:38; MacInnis, Cal (roughing), 16:09; Smith, Mon (roughing), 16:09; M.Hunter, Cal (unsportsmanlike conduct), 17:34; Skrudland, Mon (unsportsmanlike conduct), 17:34; Ramage, Cal (roughing), 17:59; Corson, Mon (roughing), 17:59.
Second Overtime: 7, Montreal, Walter 3 (Richer), 18:08. Penalties: MacInnis, Cal (high-sticking), 9:25; Gainey, Mon (high-sticking), 9:25; M.Hunter (boarding), 16:08.
Shots on goal: Calgary (Roy) 13-7-8-5-4—37; Montreal (Vernon) 4-7-6-12-6—35.
Power-play Opportunities: Calgary 1 of 6; Montreal 0 of 5.

STANLEY CUP FINAL
Calgary 3, Montreal 2
Montreal 4, Calgary 2
Montreal 4, Calgary 3, 2OT
(Montreal leads series, 2-1)
May 21: Calgary at Montreal
May 23: Montreal at Calgary
x-May 25: Calgary at Montreal
x-May 28: Montreal at Calgary
(x-if necessary)

GOLF

Leaders after the final round Sunday of the Italian Open golf tournament, played on the par 72-course Monticello Golf Club in Monticello, Italy:

Ronan Rafferty, Ireland	71-69-68-65—273
Sam Torrance, Scotland	69-70-65-70—274
Magnus Persson, Sweden	66-72-69-68—275
Robert Lee, Britain	66-73-69-69—277
Andrew Sherborne, Britain	72-70-65-71—278
Severiano Ballesteros, Spain	71-69-68-71—279
Luis Carbonetti, Argentina	76-68-67-68—279
David Feherty, N. Ireland	65-72-69-73—279
Neil Hansen, Britain	71-72-71-65—279
Frank Nobilo, New Zealand	71-70-71-67—279
Costantino Rocca, Italy	69-76-72-63—280
Philip Parkin, Wales	74-68-68-70—280
Mark James, Britain	70-71-69-70—280
Mike Harwood, Australia	72-68-73-67—280
Marc Pendaries, France	72-70-70-68—280

Scores Saturday after the third round of the Colonial National Invitation Tournament, played on the par-70, 7,116-yard Colonial Country Club course in Fort Worth, Texas:

Ian Baker-Finch	65-70-65—200
Nick Price	70-66-68—204
Isao Aoki	66-74-66—206
Clarence Rose	67-71-69—207
David Frost	70-66-71—207
Tim Simpson	71-71-66—208
Fulton Allem	66-73-69—208
Scott Simpson	71-67-70—208
Dave Barr	74-69-66—209
Lon Hinkle	74-69-66—209
David Ogrin	72-69-68—209
David Edwards	72-69-68—209

SOCCER

English Football Association Cup
Liverpool 3, Everton 2, OT
FRENCH FIRST DIVISION
Bordeaux 2, Caen 3
Laval 0, Toulon 0
Lens 0, Paris St Germain 0
Marseille 2, Auxerre 1
Matra Racing 1, Lille 0
Metz 0, Monaco 3
Nantes 1, Cannes 1
Nice 3, Sochaux 2
St Etienne 1, Montpellier 0
Strasbourg 4, Toulouse 1
Points: Marseille 73; Paris St Germain 69; Monaco, Sochaux 65; Auxerre 62; Nantes 57; Nice 56; Lille 53; Cannes 50; Montpellier 49; Bordeaux, Toulouse 48; Toulon, St Etienne 47; Metz 46; Matra Racing, Strasbourg 39; Caen 37; Laval 35; Lens 17.
ITALIAN FIRST DIVISION
Cesena 0, AC Milan 0
Atalanta of Bergamo 1, Sampdoria of Genoa 0
Bologna 0, Internazionale of Milan 6
Juventus of Turin 2, Roma 1
Lazio of Rome 1, Fiorentina 0
Napoli 4, Torino 1
Pescara 1, Lecce 1
Pisa 3, Como 1
Verona 0, Ascoli 1
Points: Internazionale 50; Napoli 43; Milan 37; Juventus 36; Atalanta 34; Sampdoria 32; Fiorentina 31; Roma 28; Verona 26; Lazio, Lecce 25; Pescara, Bologna 24; Ascoli, Cesena 23; Torino 22; Como 20; Pisa 19.
SPANISH FIRST DIVISION
Atletico Madrid 3, Real Madrid 3
Oviedo 0, Valencia 0
Elche 0, Osasuna 1
Espanol, 2 Gijon 1
Cadiz 4, Betis 0
Athletic de Bilbao 2, Valladolid 0
Logrones 0, Barcelona 2
Celta 0, Murcia 0
Malaga 1, Real Sociedad 0
WEST GERMAN FIRST DIVISION
Werder Bremen 2, FC Nuremberg 1
Stuttgart Kickers 1, SV Waldhof Mannheim 3
Hanover 96 2, FC Cologne 2
Bayern Munich 2, St Pauli 1
SV Hamburg 2, VfB Stuttgart 1
FC Kaiserslautern 1, SC Karlsruhe 2
Bayer Leverkusen 2, Eintracht Frankfurt 2
Borrusia Moenchengladbach 2, VfL Bochum 0
Borussia Dortmund 4, Bayer Uerdingen 2
Points: Bayern Munich 44; FC Cologne 42; Hamburger SV, Werder Bremen 38; Bor. Moenchengladbach 36; VfB Stuttgart 34; Borussia Dortmund 32; FC Kaiserslautern, Bayer Leverkusen 30; Karlsruher SC, Bayer Uerdingen 29; FC St. Pauli 28; VfL Bochum 26; SV Waldhof Mannheim 24; FC Nuremberg, Eintracht Frankfurt 22; Stuttgarter Kickers 21; Hanover 96 15.
WORLD CUP QUALIFYING
East Germany 1, Austria 1
Indonesia 0, North Korea 0
Norway 3, Cyprus 1

CYCLING

Tour of Italy

FIRST STAGE
(Taormina to Catania; 122 kilometers)
1, Jean-Paul Van Poppel, Netherlands, 2 hours, 43 minutes, 35 seconds; 2, Giovanni Fidanza, Italy, same time; 3, Adriano Baffi, Italy, s.t.; 4, Maurizio Fondriest, Italy, s.t.; 5, Frank Hoste, Belgium, s.t.

TRANSITION

BASEBALL
American League
CHICAGO—Purchased contract of Jose Segura, pitcher, from Vancouver, Pacific Coast League. Put Donn Pall, pitcher, on 15-day disabled list. Moved Barry Jones, pitcher, from 15-day to 21-day disabled list.
DETROIT—Waived Chris Brown, third baseman. Purchased contract of Rick Schu from Rochester, International League.
OAKLAND—Put Glenn Hubbard, second baseman, on 15-day disabled list, retroactive to May 16. Called up Dick Scott, infielder, from Tacoma, Pacific Coast League.
SEATTLE—Sent Tom Niedenfuer, pitcher, to Calgary, Pacific Coast League on 20-day injury rehabilitation assignment.

Cultural Elite In Paris Battles For TV Quotas

International Herald Tribune

PARIS — Monday morning at 9, a special train was to leave the Gare de l'Est for Strasbourg, carrying 500 passengers who intended to lobby the European Parliament on the subject of television policy and to return to Paris at midnight.

Baptized "le train de la culture," the train was to be sent off by band music and to be divided into cars offering entertainment and labeled Film, Cinema, Poetry, Leisure and Debate. Members of the public could join more celebrated daytrippers for the modest sum of 250 francs, round trip (about $38).

The culture train is the splashi-

MARY BLUME

est of several attempts by French film and television personalities to override EC policy on "frontier-free" television and to maintain a quota on the screening of foreign programs.

"We have the media on our side," said the scenarist Jean-Claude Carrière, one of the leaders of the fight to maintain quotas. Carrière and his colleagues had also thought the French government was on their side but turned out to be mistaken when Edith Cresson, France's minister for European affairs, was instructed to vote last month in Brussels with the majority for a directive stating that, instead of a precise quota, Europe's partners should screen programs of European origin "where practicable." The EC Parliament in Strasbourg must vote the directive into law.

Defenders of a quota maintain that without restrictions European television will be flooded with cheap American and Japanese reruns and that native production will decline.

Of the European partners, France's protest to the EC directive has been the most vocal. Britain, with the best television in the world, and with high export figures for program sales (BBC Enterprises sold over 12,000 hours of viewing time to some hundred countries in 1988) has stood aloof from the protest.

"French television is incredibly dull, and I can quite see why they are nervous," said Gay Robertson, who purchases programs for BBC-2. She has bought several German TV features and very few French. The French attribute the success of British television to a wide English-speaking market and to a voluntary quota on foreign programs of 14 to 15 percent.

"English television is 85-percent indigenous programs and people praise it as good television. If we could have the same protection, fine," said the director Bertrand Tavernier, whose documentary on Lyon is one of the few French programs Robertson has bought.

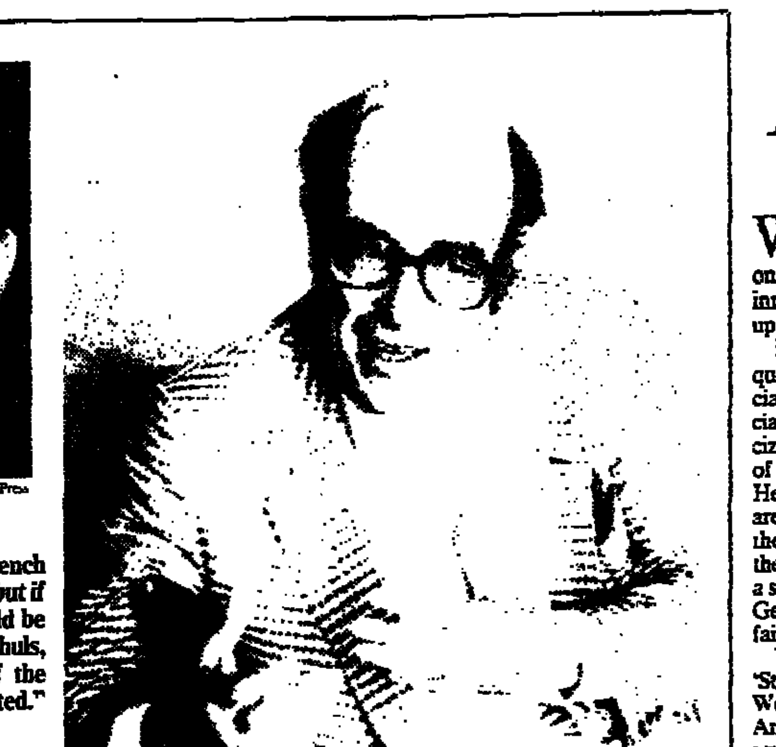
French protests against the EC directive have cut across party lines: A Gaullist senator spoke of "cultural suicide" while Jack Ralite, a Communist minister during François Mitterrand's first presidential term, is an organizer of the culture train.

Another protester warned of "a cultural Munich" and in an open letter to President Mitterrand, signed by 500 personalities including Jean-Paul Belmondo, Gérard Depardieu, Eugène Ionesco and Louis Malle, the EC directive was described as "an open door to the colonization of European television by productions from other continents."

Cresson, arguing that France had to yield on its original call for a 60-percent European quota, has called the protesters protectionist. "Edith Cresson is an incompetent imbecile and you can quote me on that," Carrière said.

The present French quota, which will disappear if the directive becomes law, requires that 60 percent of television programs be European in origin and that 50 percent of that be French. Given the poor quality of present-day French television, a quota would not seem a guarantee of high standards.

Camera Press



Louis Malle, above: "French television is really terrible, but if there were no quota it would be even worse." Marcel Ophuls, right: "Sometimes laws of the jungle have to be corrected."

"A quota is like affirmative action for women or blacks," said Marcel Ophuls, director of "The Sorrow and the Pity" and of the Oscar-winning "Hôtel Terminus: The Life and Times of Klaus Barbie," and a signer of the open letter. "It's something you go to as a last resort — not because you think it's a beautiful thing but because sometimes the laws of the jungle have to be corrected."

If French television is not easily defended on the grounds of quality, protesters argue that without restrictions it will be even worse.

"In five years, today's television will seem marvelous," Carrière said.

"Nowhere in the world can you say there is really good television, there is television that does good things," said Tavernier.

"French television is really terrible," Louis Malle said, "but if there were no quota it would be even worse because there would be no local production at all and it would be difficult to get our films on TV."

Much of the argument in favor of keeping out foreign productions seems to be based less on defending the quality of French television than on safeguarding the future of the French film industry, which is closely tied to television with, it is maintained, almost all feature films at present receiving at least part of their funding from television. The protesters say unrestricted cheap imports would put an end not only to French television but to French cinema as well.

"The problem is very simple: Does one or does one not want French film to continue?" Carrière said. "In five years French cinema will fall from 125 feature films a year to less than 30.

"The government has shown that they consider French television and cinema secondary. Maybe we are secondary — we don't claim to be essential to the country's survival — but we have been condemned to death, betrayed, stabbed in the back."

"The situation is terrible, terrible, terrible," said Tavernier. "There will be a dictatorship of distributors. Not producers who make films, but distributors. Distributors stock up on product and sell it like bars sell drinks. We are not for the most part people who support a quota system, but if you give distributors free rein there will be only one sort of TV.

"The new cables will drown us in American product. For me that is not Europe. Europe means real co-productions between member countries, not freeing American companies to broadcast 25,000 hours of their product. For me the idea of Europe is to build and preserve the individuality of each country while offering the financial means to make new works more easily."

"French television and movies, and all European television and motion pictures, need protection. Other industries get it," Ophuls said.

Neither Tavernier, one of France's top experts on American film history, nor Ophuls, who carries an American passport, could be considered anti-American: They feel the French government has let France down.

"People should be able to buy Japanese cars if they want to, they should be able to buy Hong Kong shirts," Ophuls said. "But television and movies have to do with language and culture and landscape — creativity. None of us is defending French television, it's abominable. But we don't want to defend Geraldo Rivera either, do we?"

The prospect of native skills not finding employment and of endless packaged sitcoms is unbearable to Tavernier, whatever the weaknesses of French television:

"There is an old saying: It's not because your horse is one-eyed that you should make it blind. French television is one-eyed, but what they are proposing is a television that is blind."

LANGUAGE

Reverberations of 'Stab in the Back'

By William Safire

WASHINGTON — Familiar phrases can have hidden resonances; a figure of speech can be innocent to me but drive you right up the wall. Take *stab in the back*.

London's Sunday Telegraph quoted an unnamed American official (actually an unidentified official — the person has a name) criticizing an alliance-straining policy of West Germany's Chancellor Helmut Kohl in these words: "We are used to such NATO antics from the alliance's wets like Belgium and the Netherlands, but to experience a *stab in the back* like this from the Germans really does shake my faith in NATO."

The headline in the paper was "A 'Stab in the Back' by NATO's New Wets." (*Wets* is British for *doves*; Americans' *superdoves* are their *wringing wets*.)

To most Americans, a *stab in the back* is merely a dirty double-cross from an unexpected source. To Soviet officials, it is also used in that neutral way: Reuters reported recently from Moscow that "official spokesmen have said the Georgian affair" — a nationalist demonstration that provoked a police riot — "was 'a stab in the back for perestroika.'" The infinitive phrase *to stab in the back* was first used figuratively by George Bernard Shaw in a New York Times Magazine article in 1916.

But to Europeans, especially Germans, that phrase has far more sinister reverberations.

When Italy attacked France at the start of World War II, French Premier Paul Reynaud cabled President Franklin D. Roosevelt for help, with a message that was translated by the U.S. State Department in these words: "This very hour, another dictatorship has stabbed France in the back." The French leader, furious at Mussolini's duplicity, used "stab in the back" to describe the type of action that Americans would later characterize as a "sneak attack."

The State Department submitted a draft paragraph about the Italian attack to be added to a speech FDR was making that day to a graduating class at the University of Virginia in Charlottesville; the president accepted the bland insertion but added a memorable line about a "stab in the back."

Democratic political leaders suggested, however, that such an inflammatory phrase might alienate Italian-Americans in that fall's presidential election, and Under-secretary of State Sumner Welles recommended against it as well, arguing that a chance still existed to separate Mussolini from Hitler.

According to William R. Emerson, the director of the FDR Library in Hyde Park, New York, the reading copy of FDR's speech is missing; we do not know whether the president considered those objections and modified his line to use *struck* instead of *stab*. Using a dramatic date-first construction (a rhetorical device he would repeat in his call for a declaration of war after the attack on Pearl Harbor), he said: "On this 10th day of June, 1940, the hand that held the dagger has struck it into the back of its neighbor."

What was so inflammatory about this phrase, even if *struck* slightly softened *stab*, to cause such hesitation among Roosevelt's political and diplomatic advisers?

Dolchstoss in den Rücken was the German version of the phrase, used by Prussian officers to explain their defeat in 1918; the phrase and the charge were revived by Adolf Hitler in the 1930s, assigning the cause of Germany's World War I defeat to German Jews.

Hitler knew that the phrase had special meaning to Germans: In the medieval legend of the Nibelungenlied, the hero, Siegfried, exhausted from being pursued, stopped to drink at a spring and was murdered by a villain thrusting a spear into his back.

This spawned the *Dolchstosslegende* and made Germans culturally sensitive to the duplicity of a stab in the back. (To a lesser degree, Americans remember the shooting in the back of the romantic desperado Jesse James.)

□

After observing a crowd I estimated at 292,354 marching in Washington to preserve the status quo on abortion law, I wrote: "They marched up Constitution Avenue in dignity and order to stare decisively at the Supreme Court and to ask that institution not to change its mind by overturning the Roe v. Wade decision."

That drew a few letters objecting to the use of inside lingo, or private professional wordplay, in prose aimed at a general audience. "Elitist," complained one populist complainant; "snobbish," said another; "arch, too coy by half," wrote a third, using the British *by half* construction in what strikes me as an *affectation*.

The fuss was about "stare decisively." These words were based on the legal principle *stare decisis et non quieta movere*, Latin for "to adhere to precedents in decisions, and not to unsettle things that are established." In its short form, *stare decisis* means "to stand by things decided" or, more generally, "to respect precedent." *Stare* in Latin and *stereo* in Greek denote rigidity; the English infinitive *to stare* means "to gaze fixedly," and *stark* is an adjective meaning "stiff, harsh, unsoftened."

Here's a horrible admission: As a student at the Bronx High School of Science, I was too busy trying to keep up with the technological overachievers to take Latin or Greek. Frankly, I don't know *mutatis* from *mutandis*. When you see classical root canals drilled learnedly in this space, it's not because your local pop grammarian is a classical scholar whistling *ipse dixit*; on the contrary, it's the result of looking up derivations in dictionaries or rooting etymologists out of bed.

When a writer slips in a foreign phrase to show off erudition at the expense of readers and the discomfort of the audience, that writer communicates contempt rather than meaning; such a writer, speaker or poet is rudely, blatantly elitist (which is being *too snobbish by half*).

When, however, a writer can slip in a message to a few readers that does not discombobulate or annoy the rest of the readership — if a signal can be flashed to be caught by a few and be safely missed or ignored by the rest — that writer shares a private joke without insulting anybody not in on it.

Instead of being challenged to pout, "Why am I being left out?" most readers are unconcerned with the wordplay and get out of the passage what they bring to it; at the same time, a few specialized readers catch the unobtrusive allusion and get an inexpensive little thrill out of squeezing more juice from the same lemon.

Now I'll look up *mutatis mutandis*. It means "with all due adjustments." Yeah. We have to make allowances for writers who like to fool around.

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